

UK Shareholders' Association

UKSA, 1 Bromley Lane, Chislehurst, BR7 6LH

Telephone: 01689 856691

Email: admin@uksa.org.uk

Web: www.uksa.org.uk

22 December 2023

To: House of Commons Education Committee

Strengthening financial education

We are pleased to present the United Kingdom Shareholders' Association (UKSA) response to the Committee's inquiry into strengthening financial education.

This inquiry reflects the well-established nation-wide problem in financial literacy, which a new program of school learning could help to fix. But that program needs to integrate with a wider solution of adult needs and it is the latter which is perhaps just as urgent. We believe from the Centre for Social Justice (CSJ) research that the Committee refers to, and also from previous work carried out by the FCA, such as the 2022 Financial Lives Survey, that the Committee will be open to this view, which encourages us to make this submission.

We are not education specialists and so do not comment on the technicalities of whether, where or how financial education should be incorporated in school syllabuses.

We are, however, in a position to contribute a different perspective around context and purpose, which we hope that the Committee may find useful. Collectively, we feel we can bring some knowledge and understanding of how people of all skills and ages deal with the management of money. But it is important to acknowledge that our expertise and the main contribution we can make are to do with making and managing long term savings, and that the reality for many is that they have very little or no scope to save anything.

Ours may also be one of few submissions you will receive from an organisation independent of both educational and financial interests.

In summary our key points are as follows:-

1. Syllabus and objectives should be informed by the needs of adult life
2. The importance of starting with personal money management at the youngest ages
3. Identifying the needs of adults
4. Meeting adult needs: a plurality of approaches
5. Unpaid, non-conflicted, volunteers with appropriate experience are, we believe, an unused resource that could contribute to a solution, including input to syllabus

About UKSA

We are a not-for-profit membership organisation founded in 1992 and led solely by volunteers. From the start, UKSA members' concerns included matters of public interest and the impact of corporate behaviour, as well as encouraging individual shareholders, where possible, to engage with the companies in which they invested. Over time, our active volunteers became more aware of the extent to which there was a deep conflict of interest between savers and investors generally, and the retail finance industry. An important supporter of UKSA was the late Lord Paul Myners, who urged us to maintain total independence from the finance sector, in order to be able to speak out on matters of public interest. We have since become committed to the principle of individual responsibility for personal money management as exemplified by our 'Savers Take Control' campaign.

Our active volunteers are frequently retired, with a keen interest in contributing time, knowledge and experience in the interest of their children, grandchildren and subsequent generations. It is in this spirit that we are making this present submission.

Details about UKSA can be found on the UKSA website at [Home | UKSA](#) .

The lead authors of this response can be contacted via David Riches at officeatuksa@gmail.com or 01689 856691

Martin White, BSc, FIA, former Chairman of UKSA, member of the Advisory Group of the Transparency Task Force, winner of the 2022 Frank Redington Prize awarded by the Institute and Faculty of Actuaries (<https://actuaries.org.uk/frank-redington-prizes/>)

John Hunter, MA, FCCA..., former Chairman of UKSA and creator of www.honestmoneynow.co.uk

United Kingdom Shareholders' Association (UKSA)

Response to Education Committee's call for evidence on financial education

Summary

We welcome this initiative and are pleased to respond to the Committee's call for evidence. We believe that policy in relation to financial education needs to be informed by careful consideration of the real life problems that adults find in managing their finances. Our first two pages give some background to our organisation and emphasise our independence from the financial sector. We are highly supportive of the aim of equipping children better for the financial challenges of adult life, and discuss some of those challenges facing adults. One of those issues is a complete lack of awareness of how costs of savings and investments products may eat into those savings and investments. We believe that improving the awareness of these costs, in other words how financial services make their money, will over time change the balance of power towards the consumer and away from the financial sector.

Contents and key points

Introduction	4
1 Syllabus and objectives should be informed by the needs of adult life	6
2 The importance of starting with personal money management at the youngest ages	6
3 Identifying the needs of adults.....	7
4 Meeting adult needs – a plurality of approaches	9
5 The power of independent, knowledgeable, volunteers.....	12
6 Annexe 1: The needs of adults: some further references and discussion	13
7 Annexe 2: Background to UK Shareholders' Association and our public interest initiatives	17

Introduction

We welcome this initiative from the Education Committee.

We have not found it easy to structure the points we wish to make in the order of the Committee's 6 questions, but instead have chosen to refer to these questions where relevant within the body of this response. Therefore we have listed your questions as **Qu A** to **Qu F**, and will refer to them using these letters.

Qu A What should we be teaching young people about money? What should financial education include and are there any aspects missing from the current provision?

Qu B Where should financial education sit within the National Curriculum between the ages of 11 and 16? To what extent does its current position within the curriculum limit the amount of delivery time it receives? Should financial education form part of a core subject, such as mathematics?

Qu C What steps should be taken to support teachers and schools in their delivery of financial education?

Qu D Should the provision of financial education in schools be extended beyond key stages three and four. Is there scope for it to be embedded more extensively at primary-school level?

Qu E The Government has outlined proposals to ensure that all students study some form of maths up until the age of 18 – should financial education be included in these plans and, if so, how?

Qu F Examples of best practice in teaching financial education are welcomed.

We have organised this response into 5 numbered chapters, with some additional material in Annexes, and our key points are contained within the chapter headings that are summarised on the previous page. As well as these points there is another theme running through this submission, which is the information asymmetry that exists between consumers and the financial sector and the need for a voice to inform both policymaking and all financial education material that is both knowledgeable and completely independent of the financial sector.

From the Committee's 16 November 2023 announcement of this inquiry it is evident that the Centre for Social Justice (CSJ) report *On the money: a roadmap for lifelong financial learning* has deservedly been a significant input to the Committee's thinking. We believe that the CSJ research carries many important messages that help with the Committee's 6 questions, and we will refer to it a number of times. It also has some messages that we feel go rather further than the scope of the Committee's 6 questions, and one of our main objectives in making this response is to urge the Committee to factor the needs of adults into its thinking.

In our view, you will not tend to find that education material provided or supported by the finance sector, or any lobbying by the finance sector emphasises the importance of understanding the ways in which finance businesses make their money and the impact on you as the customer. This is such an important point that we will develop it a little here.

There are two main ways. The first is to persuade you to borrow money at a high rate of interest. The second is to take an often-seemingly-low annual percentage of your savings and investments. And the power of compound interest applies in both instances. Being armed with the necessary understanding would transform people's lives, and it would be easy to create teaching material that vividly illustrated the huge potential impact of differing levels of charges over time. We refer in Annexe 1 to a lecture by Lord Adair Turner which touches on this point.

In preparing this response, we have carefully studied the CSJ report, and a number of pieces of work referred to in that report. In Annexe 1, we also list the other sources we have referred to within this submission, together with a number of pieces of work done by members of our organisation which we feel the Committee secretariat may find helpful. These are mostly responses we have made to various consultation requests from regulators or Government departments.

To conclude this introduction, we would like to mention two quite moving sources of ideas and inspiration that have come to our attention in the last few days before the Committee's deadline for this submission, both of which we would commend to the Committee.

The first of these is the huge contribution to teaching and learning generally that was made by the late Sir Tim Brighouse. We read of this in an 18 December 2023 article in the Financial Times, headed "Pouring scorn on teachers is a press strategy, not a plan for reform". What comes through this article is the importance of support and encouragement of teachers, as opposed to simple measures of success and failure.

The second was a presentation "*Is Today's Financial Literacy Education Fit For Purpose?*" given on 12 December 2023 by Quentin Nason, founder of the charity City Pay It Forward as part of the Lord Mayor's "knowledge miles" lecture series. Details of this, and also the video recording of the event, can found at greshamsociety.org/webinar/11730/. Not only does this demonstrate that there are people who want to help with financial literacy on a voluntary basis, but there are many interesting ideas presented that are relevant to the Committee's 6 questions.

1 Syllabus and objectives should be informed by the needs of adult life

When determining the objectives for financial learning for young people in the school and further education system, we think that a good place to start is first to understand their needs when they will be adults and secondly the needs of our society as a whole.

The CSJ report has a number of sad quotes from adults who realise how badly they have suffered from the lack of knowledge of some very basic principles of financial literacy:-

I wish someone had actually sat me down and talked to me about the emotions behind spending, and the importance of having at least three months' pay as an emergency fund.

and

If I had understood credit and budgeting I would have avoided being in debt and having to take decades to repay it.

Clearly these two quotes illustrate some of the most fundamental things that people need to know about well before they leave school. But what sort of terminology should we use to describe such knowledge? We feel that academic-sounding terms like “financial education”, or “financial literacy”, might not be ideal for engaging children’s attention, or perhaps also for engaging the attention of their parents. Practitioners will have better experience of what might work best at different ages. Two suggestions we have are “Money and Life”, and “Personal Money Management”.

Learning is preparation for life and should continue in life. In determining what we should aim to cover (the Committee’s **Qu A**), we should look at the varying needs and situations of adults, and try to determine the extent to which school learning can help.

2 The importance of starting with personal money management at the youngest ages

Quoting from the CSJ report’s executive summary:

Money habits and behaviours that will stick with children for life are formed by age 7, yet just one in three children receive any education about money at primary school. This is also despite the National Audit Office finding there to be 55,000 ‘problem gamblers’ aged 11–16 in England and a further 85,000 at risk.

This directly answers the Committee’s **Qu D**, and the presentation by Quentin Nason mentioned in our Introduction also supports this view and gives some suggestions.

These same sources also discuss the importance of the home environment as a source of financial learning for children. Chapter 6 of the CSJ report is about financial education in the family and community setting, and the material here is relevant to the Committee’s **Qu C**;

children's learning about money could be seen as a partnership between schools, families, and the children themselves.

One of the serious problems we are aware of, and this is mentioned a number of times in the CSJ report, is that money problems and mental health problems are frequently related, with causation in both directions. Children will suffer from adult mental health problems and so will the State.

3 Identifying the needs of adults

This section, taken together with the associated Annexe 1, is the longest part of our submission, as we wish to highlight the complexity of the challenges that face adults in managing their financial lives. Some but not all of this complexity reflects the variety of individual financial circumstances. The complexity, often to the point of opaqueness, of financial products and services also adds to the challenges. Financial education definitely helps, but the system we have today has evolved in line with the needs of the financial sector rather than the needs of consumers, and we feel that an appreciation of this is important background to setting education policy.

As many of the references we quote make clear, we do not feel that the law and regulation in the UK puts the interests of consumers before those of the financial sector. Indeed, we would argue the opposite. And we feel it unlikely that Parliament has any appetite to change that situation, though a greater awareness of the issues within Parliament might make a difference. So in setting policy around financial education and financial capability across all ages, we feel it is best to assume the legal status quo does not change, so we have to prepare and support people in the world as it is today.

Many studies point to the low standard of financial literacy in the UK across all classes and ages. The CSJ report is strong on how damaging this is, which emphasises how important is the Committee's current inquiry. Many adults today need support with financial literacy. They can't go back and re-live their school years. However good the financial learning that is achieved in the school years in the future, levels of attainment will always vary. Also, we do not stop learning as we go through life.

Quoting from Chapter 7 of the CSJ report, "Reaching young adults with financial education", we have:-

After education there are few routes to receive financial education. This is particularly a problem when adults are not likely to seek money advice or support from other outlets, such as trusted friends or family. Indeed, 55 per cent of UK adults don't feel comfortable discussing money despite 48 per cent of adults feeling worried about it. For adults in Britain to get money advice, they have to seek the resources out themselves and often struggle through on their own without coaching due to fear of seeking help, with many not knowing where to turn.

We believe that one of the most important problems in adult financial capability and empowerment is “Who to trust?” So, where are we today with this question?

Our view is that the financial sector profits massively from consumer ignorance of financial matters. We believe that the huge power and influence of the financial sector across our whole society is both a consequence and a driver of poor financial capability generally.

In 2020, the Education Committee published a report entitled *A plan for an adult skills and lifelong learning revolution*. This can be found at <https://committees.parliament.uk/publications/4090/documents/40532/default/>

A word search confirms that this report is totally silent on financial capability. We find this surprising. We feel that the Education Committee had the opportunity to include financial capability in its thinking about adult skills and lifelong learning but did not do so. We are hopeful that, despite this issue not being covered within your 6 questions, you will now consider the issue, and would emphasise that this process of consideration should not place any reliance on “help” from any part of the financial sector.

In support of our view, in Annexe 1 we point to remarks by the highly credible BBC “Money Box” presenter Paul Lewis at a launch event for the FT Financial Education charity, and a lecture by Lord Adair Turner, who at the time was Chairman of the then Financial Services Authority.

Our research also found a 2020 paper by a Financial Literacy Working Party of the Institute and Faculty of Actuaries, entitled *Money, Knowledge and Power* which itself led to a 2021 paper by an American Academic entitled *Alternatives to Financial Education*.

We also include some details of an essay by one of the authors of this present submission, which won the 2022 “Frank Redington Prize” competition run by the Institute and Faculty of Actuaries. The competition asked for a discussion about the financial sector and for suggestions to change things in the public interest.

We have also used Annexe 1 to provide links to a number of other papers which UKSA members have submitted to Government and to regulators over the years which are relevant to this topic.

We end this session with what we see as some facts of life that consumers needing to plan for their financial futures, and who are in a position to make long term savings, have to deal with.

First, can you trust someone working for a financial service provider to act in your interest? No, they are likely to be rewarded for the profit that their employer makes from selling you something.

However, it is not easy being a financial adviser in the current regulatory regime. The law only permits certain regulated individuals to advise clients on specific financial choices. And the regulations, which are designed to protect clients, set out certain minimum standards that regulated advisers are required to follow. This means that the amount of work needed to give regulated advice to a customer is considerable, and the consequence is that this advice is simply unaffordable for all but the wealthier clients. And even for wealthy clients, we would generally caution against using financial advisers on a “percentage of funds” basis, especially an annual recurring percentage of funds basis. Other professionals charge on the basis of time spent, and this also helps guard against potential conflicts of interest, but it is not easy to find financial advisers prepared to work on this basis.

Given that “advice”, in the sense of formal regulated and independent advice on specific investments, is simply not available to the majority of people, what can you do? You might approach a financial product provider, and they will happily sell you something, but there is nobody to tell you whether what they are selling you is really good value or in your best interests.

Ordinary people clearly need something else instead, to help them make better financial decisions, that meets the “who to trust?” test. We feel this goes beyond what financial education might realistically achieve, but if financial education is effective, then people will better appreciate the importance of the “who to trust?” question and thus be more on the lookout for trustworthy sources of information. Also, if you are equipped with some of the basics of financial learning it will support your ability to think about and challenge the basis of what you are being sold or advised under the legal principle of caveat emptor; therefore empowering the consumer.

A very basic adult need was identified by Paul Woollard, the then acting Chief Executive of the FCA in 2020, in the Foreword to a Call For Input on the Consumer Investments Market. If there are products that are cost-efficient and meet the needs of many consumers, why don't people buy them? Which leads us to the next section.

4 Meeting adult needs – a plurality of approaches

The start point for adult needs is a) “who to trust” for teaching material and information, and b) “who to trust” when we come to individual advice and guidance. We have to tackle both of these.

The first requirement is that the material is put together by people who are knowledgeable and independent of the financial sector; but members of the public, as potential learners, need to be part of the process too. It is all too easy for “experts” to be insufficiently aware of the real and very diverse learning needs of pupils. We, and we hope volunteers who will join us given enough publicity for the endeavour, are keen to help as much as we can.

The second of these points may be more challenging. We could not possibly give regulated advice, but if, say the FCA were to publish details of particular financial products that met certain minimum standards of costs, access and terms, this could help individuals to make decisions for themselves, avoiding the need to use regulated financial advisers. It is little discussed, but there is a promising unregulated service offered by a limited number of people known as “financial coaching”, which we feel is actually what many people really need rather than “full regulated advice”. Our caveat would be that financial coaching should not be used to attract clients to regulated financial advisers; it needs to be completely independent of any regulated adviser or product provider.

Another thing you can never trust is financial sector marketing. However, we do accept that advertising does work, for otherwise nobody would spend the money on it.

Organised group initiatives, including classroom teaching

The CSJ report, in chapter 8, points to a number of helpful initiatives, including a number designed to help disadvantaged groups.

The CSJ report also refers to employers as playing, and as potentially playing, a vitally important part in supporting adult financial capacity. We would agree that employee provision could and should be the main way in which adults are helped. It is not so easy for the self-employed.

The authors of this submission are of the generation when attending adult evening classes was a popular activity. Sadly, whilst face to face financial education classes could be very attractive for a number of people with the time to fit these in round work and family commitments, we do not feel the costs involved or the practicalities for many people could make this a core part of the solution. It may be that really well prepared online materials and perhaps online classes are more promising. However, we do suspect that many adults will be much more prepared to engage if there is an opportunity to “meet” people and join in, given the lack of confidence that many will have to engage in a solo activity. One of the reasons people join our organisation is that it is one network in which talking about finance is the norm, rather than socially uncomfortable.

Money and Pensions Service, MaPS

The CSJ report mentions MAPS throughout. MaPS have developed their MoneyHelper facility, supported by the Government and aimed at individuals. We regard this as a good start but we believe that it needs to be set within a body which is insulated from the financial sector.

Giving teachers confidence and appropriate training

Teachers charged with delivering financial education in the school system are a special class of adults and need to feel confident that they are appropriately supported. They will be better equipped to deliver the material that is developed for use in schools if they themselves feel they have a good financial capability as adults. We would regard this as an urgent priority.

Across financial education, the syllabus must meet people's needs, not that of the financial sector

We know we make this point in a number of places in this submission, but in our view, it is vital that the financial sector is not permitted to have any control over the material that is covered, and that the syllabus is informed by advice from knowledgeable people who are completely independent from the financial sector. And it must include the points we made in our introduction about the impact of expenses on certain financial products. We would generally be nervous about offers of help from the financial sector.

Why don't consumers buy the most sensible products?

This vital point was made in a remarkable foreword to the Financial Conduct Authority's 2020 Call for input on the consumer investments market. Interim Chief Executive, Christopher Woolard, said this:

The overwhelming majority of retail investors are best served by readily understood, well-diversified and low-cost investments which are already available from a range of providers, but many retail investors don't choose these.

He then went on to say:

Many consumers don't seek financial advice, perhaps because of complexity and cost. Many financial services firms seem reluctant to provide simple advice and guidance which will serve the needs of large numbers of consumers. We need the system as a whole, including regulation, to work better for consumers.

Our view it is not in anyone's financial interest to point consumers to the most suitable products. Groups like us will of course do this as best we can, but only to the extent that the regulatory framework permits it (i.e. we may only provide guidance and not "advice", for which you have to be regulated). And the more publicity and awareness there is, in the general media, of the importance of analysing costs with a view to minimising expenses and also how to do it, the better.

A vital message that should be incorporated within the plans for financial education generally (the Committee's **Qu A**) is that the best value deals are generally not those that are actively "sold", but you may have to seek them out yourself.

Self-help and mutual help

For people that have the motivation, capability and time to take the initiative and learn for themselves about long term money management, there are a number of good books about savings and investment, possibly so many books that it is impossible to know where to start.

The way we like to think of our activities in the investment and savings space is "savers and investors voluntarily helping each other.

The freely available UK Shareholders' Association (UKSA) financial guidance website www.HonestMoneyNow.co.uk (HMN) is designed to help those who realise their knowledge is limited. It delivers a learning path for those who want to learn by studying for themselves.

This may not be suitable for everyone. It was created by just one retiree, a member of UKSA, working alone for six months at virtually no cost. But we are proud of the results. We believe it is an example of what can be achieved by providing sophisticated online material with different learning paths catering for different constituencies.

HMN was designed for adults, but we would suggest that those designing material for children might find it a useful example (relevant perhaps to the Committee's **Qu F**).

One of the reasons that UKSA was set up was for mutual support and fellowship for people with shared interests. As the above-mentioned website illustrates, we are keen to share our knowledge and independent perspective more widely, and always welcome new members who wish to help in this. Our current activities include the maintenance of the HonestMoneyNow website and we plan future activities under the heading "Savers Take Control", https://www.uksa.org.uk/Savers_Take_Control, designed to convey the message that it is not just already-sophisticated individual investors that we wish to help. Our intention is that HonestMoneyNow and Savers Take Control will in the future have a meaningful National presence and attract a vibrant group of new volunteers to join us in our National purpose.

5 The power of independent, knowledgeable, volunteers

Across our society, we suspect that volunteers with appropriate experience, especially retired people, are an unused resource that could contribute a great deal more to society. And improving financial capability is just one need of many, where volunteers could help.

We believe that the older generation has a lot to offer here. Amongst the retired population are many with great financial expertise that, we believe, would be keen to help if they were aware that it was possible. Most people with financial expertise will have acquired it working in the financial sector, but it is only when they no longer have the conflict of interest arising from their employment that they are free to speak out and share their knowledge in the public interest. We understand that some retired persons already do this through working for the Citizens Advice Bureau.

This is the conclusion of the Redington essay mentioned above and it was also mentioned in the associated prize-giving session on 20 Oct 2022, a recording of which is available at <https://www.youtube.com/watch?v=mwE612dJafg> (see about 90 minutes into the recording). We would also note the conclusion ("citizen-informed finance") of the paper by Professor Lauren E Willis cited in Annexe 1 below, and that similar motivations appear to be behind the "City pay it forward" charity mentioned in the introduction to this submission.

6 Annexe 1: The needs of adults: some further references and discussion

The stark realities of financial life: it's a jungle out there

Paul Lewis, BBC journalist and past presenter of “Money Box” on Radio 4 made this remark in a launch event for The Financial Times Financial Literacy charity¹

The other thing that we have to do with education is also we do have to warn people that the financial system out there, the financial services industry, is there to exploit you. It is there to make money from you. And it will do it, within the law, but it will do it, until the regulator steps in.

In September 2020, a paper was presented to the Institute and Faculty of Actuaries by a Financial Literacy Working Party, entitled *Money, Knowledge and Power*.² We would commend this paper to the Committee, and would draw attention to Section 2.3 which is headed “Improving financial literacy is not a silver bullet.” Here the actuaries quote a 2008 work of Professor Lauren E Willis, who has a chair in consumer law at Loyola Law School, Los Angeles and who we understand has been supportive of the Consumer Duty which has been introduced by the UK Financial Conduct Authority. In our research for this present submission, we identified a subsequent 2021 paper by Professor Willis entitled *Alternatives to Financial Education*³, and with her encouragement we quote here the concluding paragraph from that paper.

If our goal is widespread financial well-being, traditional financial education shows little sign of getting us there. The alternatives to financial education described in this chapter are all promising. We should pursue these and evaluate the results. But truly widespread financial wellbeing will require socioeconomic change, change only possible through finance-informed citizens who can move us to a system of citizen-informed finance.

It is important to note that Professor Willis is speaking from a US perspective, but you begin to understand why she holds this view when you consider how complex and opaque financial products can be, a point which is made in the example in the next paragraph.

Other authoritative figures share our concerns about the impact of the financial sector and the need to help consumers get better outcomes. In October 2010, whilst still Chairman of the Financial Services Authority, Lord Adair Turner gave 3 “Lionel Robbins Memorial

¹ <https://ftflic.com/our-launch-video/>

²

https://www.actuaries.org.uk/system/files/field/document/Financial%20Literacy%20Working%20Party%20paper_20200831.pdf

³ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3855830

Lectures” at the London School of Economics. The second lecture had the title “Market Efficiency and Rationality: Why Financial Markets are Different”. This is available as a YouTube video at https://www.youtube.com/watch?v=PIRHM_Dz_fQ . 57 minutes into this talk Lord Turner makes the precise point that excess charges could well reduce a typical pension outcome by 50%. This is an illustration of the adverse impact that the way the financial sector works can have on ordinary people. In this lecture series Lord Turner also referred to the economist Roger Bootle’s description of the financial sector as operating a “distributive” process, rather than a creative one.

Identifying the needs of adults - back to “who to trust?” in matters of finance

When making an ordinary, non-financial purchase, it is often quite easy to compare prices of similar goods and decide accordingly. So no problem appears there, certainly on first examination. But when they can, vendors will often try to encourage you to borrow instead of paying now. As explained in our introduction above, they will make lots more profit this way, and you will end up paying much more. If you are armed with an understanding of the disastrous consequences of expensive borrowing, this is a trap you will know to avoid. The same principle applies when the purchase comes with “optional” protection insurance, which generally benefits the seller and not the buyer (and the bad selling practices around mortgage protection insurances (albeit financial related) led to the scandal and resulting compensation).

But when you need to save for the future, it gets much more complicated. And virtually anyone that you might turn to for help simply cannot be trusted to put your interest before theirs. If this were so, it would imply that there is a “fiduciary duty” which, to date, Parliament has never legislated for. Some of the recent history in this area was discussed in an essay by Martin White, one of the authors of this present submission. In October 2022, this essay was awarded the Institute and Faculty of Actuaries “Frank Redington Prize” by an independent panel of judges led by the economist Sir John Kay. This can be found at <https://actuaries.org.uk/frank-redington-prizes/> . We provide more detail about this below.

Suffice it to say that the essay concluded that there was no UK regulatory appetite to put the interests of consumers above those of the financial sector, and the paper discussed a potential approach for tackling this without relying on legislation. All that was needed was a co-ordinated voluntary effort by consumers to help each other by sharing the essential truths, particularly around expenses, and this was perfectly possible provided the principle of free speech was maintained. That may sound simple enough, but of course it’s not.

In the rest of this Section we include all the online links we have used within the document. We also include, with brief explanations, references to the Frank Redington prize and to a few of UKSA’s many responses to public consultations by public bodies. These have been selected as having some relevance to our theme of how the general public need more than just financial education in schools.

The Frank Redington Prize: a competition held by the Institute and Faculty of Actuaries (IFoA)

In October 2021, the IFoA announced a prize competition for a paper with the following brief.

“What would be a sustainable economic and finance system for the public interest? This will be a wide-ranging paper on what has gone wrong in the last 30 years in the context of the British and Anglo-Saxon financial services industries – and what can be done to improve the situation and the sector.

“The paper should contain proposals or recommendations on actions that could change economic and financial systems to operate more in the public interest.”

Chair of the panel of independent judges was well known economist Sir John Kay.

The competition was won by Martin White, UKSA Director, and the winning essay can be found at <https://actuaries.org.uk/frank-redington-prizes/>. It makes the case that when a public enquiry relating to problems with consumers and the finance sector makes recommendations to change the balance of power more in favour of the consumer, these recommendations tend to be defeated. In the absence of change coming through the political process, the paper proposes instead that consumers come together to share the essential truths, particularly around expense, that the financial sector as a whole will not want to be aired. The discussion on 20 October 2022 can be found at <https://www.youtube.com/watch?v=mwE612dJafg>, with the relevant session starting 90 minutes into the video.

On the Financial Conduct Authority’s 2016 mission statement, published in October 2017

<https://www.uksa.org.uk/sites/default/files/UKSAFCAMissionStatementresponse.pdf>

UKSA director Peter Parry submitted a letter in response to the FCA’s mission statement. We would suggest that this letter is very directly relevant to the Education Committee’s current inquiry.

On the FCA’s 2016 interim report on its Asset Management Market Study, MS15/2.2

https://www.uksa.org.uk/sites/default/files/2017FebUKSA_AssetManagementStudyResponsePDF.pdf

UKSA director Martin White submitted a letter in response to this Market Study. We were particularly welcoming of this Study.

On the FCA’s 2020 “Call For Input” on The Consumer Investments Market

This document, which can be found at <https://www.fca.org.uk/publication/call-for-input/consumer-investments-market.pdf> was a particularly revealing document in the

frankness with which the Foreword by the FCA's interim Chief Executive, Christopher Woolard, described the real needs and the problems of consumers.

https://www.uksa.org.uk/sites/default/files/2021-08/UKSA_FCA_Consumer_CFI%202020_Final.pdf

On the UK Treasury's 9 Dec 2022 Consultation paper regarding the future of retail disclosure in UK financial services

Martin White submitted a response to the Treasury to this which can be found at <https://www.uksa.org.uk/sites/default/files/2023-04/RetailDisclosureMartinWhite.pdf>

This was somewhat critical of Government policy in relation to financial services. No acknowledgement or reply was ever received from the Treasury. There is some brief discussion of the main messages on the following UKSA web page:

<https://www.uksa.org.uk/news/2023/04/13/my-reluctant-conclusion-interests-consumers-do-not-come-first-practice>

Other references

Centre for Social Justice (CSJ) report *On the money: a roadmap for lifelong financial learning*

<https://www.centreforsocialjustice.org.uk/library/on-the-money>

Is Today's Financial Literacy Education Fit For Purpose? By charity City Pay it Forward

greshamsociety.org/webinar/11730/

2020: Education Committee: *A plan for an adult skills and lifelong learning revolution.*

<https://committees.parliament.uk/publications/4090/documents/40532/default/>

The Financial Times Financial Literacy charity launch video

<https://ftflic.com/our-launch-video/>

Money, Knowledge and Power, by the IFoA Financial Literacy Working Party

https://www.actuaries.org.uk/system/files/field/document/Financial%20Literacy%20Working%20Party%20paper_20200831.pdf

Alternatives to financial education, by Prof Lauren E Willis

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3855830

2010 lecture by Lord Adair Turner: "Market Efficiency and Rationality: Why Financial Markets are Different".

https://www.youtube.com/watch?v=PIRHM_Dz_fQ

UKSA's financial education website

www.HonestMoneyNow.co.uk

About UKSA's Savers Take Control campaign

https://www.uksa.org.uk/Savers_Take_Control

7 Annexe 2: Background to UK Shareholders' Association and our public interest initiatives

We are a not-for-profit membership organisation led solely by volunteers and founded in 1992.⁴ The UK Shareholders Association (UKSA) was founded in 1992. We are not aware of anything similar existing prior to that in the UK, though there were already similar organisations established in a number of other countries. It was the time of the Cadbury Commission on corporate governance, public concern about executive pay, especially in the newly privatised public utilities such as British Gas, and it was a letter published in the Investors' Chronicle about these concerns that caused the working group to be set up that eventually developed into the UK Shareholders' Association.

From the start, UKSA members' concerns included matters of public interest and the impact of corporate behaviour, as well as encouraging individual shareholders, where possible, to engage with the companies in which they invested. In our experience, individual shareholders' discussions with the management of companies tend to focus less on concerns over shorter term movements in the share price. We currently have concerns that

⁴ <https://www.uksa.org.uk/about>

current proposals for dematerialisation of shareholdings will further weaken the engagement by individual investors with companies in which they invest, which we regard as contrary to the wider public interest.

Over time, our more active volunteers became more aware of the extent to which there was a deep conflict of interest between savers and investors generally, and the retail finance industry. An important supporter of UKSA was the late Lord Paul Myners, who urged us to maintain total independence from the finance sector, in order to be able to speak out on matters of public interest. One of Lord Myners' major concerns was the limited scope within the business models of "professional" investors to engage as owner with the many companies in which they held shares, and he argued that this was effectively leading to "the ownerless corporation". Whilst our members who contribute their subscriptions to meet our modest ongoing costs tend to be active managers of their own investments, we aim to be a useful resource for society as a whole, and it is in this context that we are responding to the Education Committee's call for evidence. Our active volunteers are frequently retired, with a keen interest in contributing time, knowledge and experience in the interest of subsequent generations, and it is in this spirit that we are making this present submission.