

Press Release

Embargoed for 00.01

8 February 2010

UK Shareholders' Association
1 Bromley Lane
Chislehurst
BR7 6LH

Phone: 020-8468-1027
Email: uksa@uksa.org.uk
Web: www.uksa.org.uk

FINANCIAL SERVICES BILL FAILS TO MEET PUBLIC EDUCATION NEEDS

The UK Shareholders' Association (UKSA) calls today for a radical rethink of the way governments should promote public understanding of how individuals should manage their personal savings and investments.

This week sees a new **Financial Services Bill** receive its second reading in the Lords. This fast moving but little noticed Bill will establish a '**consumer financial education body**' (CFEB), to be nominally independent but in practice certain to be controlled by the Financial Services Authority (FSA). The UKSA applauds the CFEB concept, but condemns its proposed subjection to the FSA.

The FSA has shown that it cannot reconcile its primary concern for the *regulation of markets* with its parallel duty to *protect individual savers and investors* who are customers of those markets. Indeed, in persistently and bizarrely treating those who save and invest as 'consumers', when in fact (as is surely obvious) they do the opposite, the FSA demonstrates that its primary interest is in serving those whose business it is to live off individuals' savings, not those who provide the savings.

Because the FSA suffers from this inherent conflict of interest, UKSA would like to see the CFEB proposal taken out of the Bill, for the concept to receive more objective consideration. If, as seems likely, the proposal stays in, UKSA believes that in the general public interest the saving and investment functions of the CFEB, as defined in the Bill, must be amended.

The problem that has to be addressed is the FSA's warped view of "financial capability", in which "choosing financial products" is a key ingredient. This is publicly displayed at http://www.fsa.gov.uk/financial_capability/. It is evident that this influenced the drafting of Clause 6 of the Bill, because the CFEB is to be charged with "promoting awareness of the financial advantages in relation to the supply of particular kinds of goods and services". This will perpetuate the situation where the people of this country are fed a diet of inappropriate financial products in place of sound advice on how to save and how to invest.

UKSA is seeking an amendment to give a much broader remit to the CFEB.

It is only by progressively eliminating public ignorance on all aspects of saving and investment that a new virtuous culture can be developed, to replace both excessive consumerism on the one hand and dependence on opaque, high-commissioned savings products on the other. This is not a sectional interest. It is vital for a financially secure and healthy society.

FOR FURTHER INFORMATION CONTACT:

John Hunter, UKSA Government Policy Group member,
07764 615726 & johnheather60@aol.com

Eric Chalker, UKSA director,
020 7620 0907 & press@uksa.org.uk

ENDS