The Rise of Financial Education

Helen Gibbons

Helen is now media director and will be taking a particular interest in social media, needing a consistent appearance for the UKSA brand across all platforms.

We are in the midst of the AGM season again and this year's meetings have brought the usual mix of theatre, marathon question sessions and lambasting of directors.

Among the more notable meetings have been those of the UK's domestic banks. Lloyds and Barclays in particular have presented contrasting pictures. Barclays CEO Jes Staley looked awkward and contrite as chairman John McFarlane defended him against repeated calls for resignation following allegations relating to a whistleblowing incident. Over at Lloyds the mood was more upbeat. CEO António Horta-Osório looked serene as he reported a much-improved financial position ahead of the Government's imminent sale of its remaining stake. His confidence was evinced a few days later by his own purchase of 50,000 shares in the Group.

Away from the headlines both Barclays and Lloyds have been divesting non-core and overseas operations, assuming a smaller, more domestically focused footprint that is more closely aligned with the social and economic development of the UK. To demonstrate their social commitment to the UK, both banks are pursuing initiatives in financial education. Money skills are part of Barclays' 'LifeSkills' programme, alongside people skills and work skills. Lloyds has a more focused 'Money for Life' programme. These initiatives are aimed at schoolchildren and young adults and could be seen as a timely response to the financial illiteracy that contributed to the 2008 financial crisis. From the ethical investors' perspective they are important building blocks in the 'societal' pillar of corporate social responsibility, the others being environmental and governance. To that extent they are part of the banks' efforts to restore reputations that were tarnished during the crisis years.

The moves in the UK are mirrored elsewhere. In Spain, where the 2008 crisis was exacerbated by mis-selling of financial products such as preference shares and mortgages secured on near-worthless real estate, the retail bank BBVA (formerly Banco de Bilbao, whose London presence dates from 1918) has founded the Center for Financial Education and Capability, a digital platform focused particularly on Spain and the Americas. I have been invited to attend the Center's events as an arm's length observer and look forward to hearing examples of best practice in financial education.

UKSA's own educational endeavours have centred on the classes run by Diarmuid (Dee) O'Hare in Brighton. Now in the second year, Dee has compiled and hosted a series of evening presentations on subjects including investment basics, retail shares, ISAs, executive pay, investment trusts, tracker funds and financial statements, in some cases with much-appreciated support from other UKSA members.

The need for education on share investing is clear. Having talked to individual shareholders at around a dozen AGMs this year, I am left in no doubt that many investors are unaware of the risk of disenfranchisement resulting particularly from the use of pooled nominee accounts and the dominance of institutional shareholders.

The challenge in a local group is to manage the inevitably mixed knowledge levels. Dee succeeds by delivering serious content leavened by fun elements such as the monthly top-20 UK companies share competition. The sessions typically run for up to two hours from 6pm at the Victory pub in the centre of Brighton. All current and potential UKSA members are warmly invited. To find out about upcoming events, call the UKSA office, look for UKSA Brighton & Hove on Facebook or follow @UKShareholders on Twitter.

By Helen Gibbons
Media Director