

UNIVERSITY OF
BIRMINGHAM



CHASM
Centre on Household Assets
and Savings Management

Savings for All:

A MANIFESTO FOR AN INCLUSIVE SAVINGS AGENDA

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Savings for All:

A MANIFESTO FOR AN INCLUSIVE SAVINGS AGENDA

INTRODUCTION

Three fifths (60%) of low and middle income UK households have no savings.¹ Where saving does occur, the ratio of saving to spending is dramatically falling across the UK.² Taken together, the financial risk this creates for many households, and collectively for the nation, is one we should be urgently looking to mitigate. However, beyond this 'risk management' objective, CHASM believes a more inclusive savings philosophy can also provide other direct benefits by improving mental and physical health outcomes and increased feelings of security and general well-being in individuals and households.

CHASM, the Centre on Household Assets and Savings Management, is an academic research centre in the College of Social Sciences at the University of Birmingham, a joint venture between the Schools of Social Policy and Birmingham Business School. It undertakes rigorous, timely and relevant research in areas of financial security, financial inclusion and capability and in taxation as it impacts these areas.

Savings policy forms a core focus of the research work of the Centre. This project continues other research undertaken by it on savings and financial assets accumulation and de-cumulation amongst people acting as individuals and together in households. Such work includes the production of an annual report on Financial Inclusion, sponsored by Friends Provident.³

This is a Manifesto for a new savings agenda for lower-income households – that is those on both low and medium incomes. It is a call for action and advocacy as well as for new policy thinking. Funded by the

Barrow Cadbury Trust,⁴ CHASM carried out desk research, undertook a number of interviews, and held a full-day Savings Summit in Birmingham in May 2016 to work with key stakeholders also interested in developing a more inclusive savings policy.⁵

Five key areas of consensus emerged at the Savings Summit which are reflected in the recommendations proposed in this report:

- Flexibility is crucial: there is no 'typical' lower income saver – and the needs of individuals change as their circumstances change.
- The language and narrative used when advocating for saving is important and needs to focus on the positive – i.e. goals and aspirations rather than negatives such as the need for 'rainy day' funds.

¹ Resolution Foundation
www.resolutionfoundation.org/publications/living-standards-2016

² K. Rowlingson & S. McKay, CHASM Financial Inclusion Report 2016
www.birmingham.ac.uk/Documents/college-social-sciences/social-policy/CHASM/annual-reports/financial-inclusion-monitoring-report-2016.pdf

³ See footnote 2

⁴ www.barrowcadbury.org.uk

⁵ At this event there were 29 participants from 25 organisations. A full list of the organisations represented can be found at the end of the report.

- A more open and transparent consumer market needs to work with civil society and a more active government at both local and national levels.
- Careful thought needs to be given to delivery: which institutions or agencies are best placed to develop and deliver a new savings agenda for people on lower incomes?
- The savings agenda is a national issue but it cannot be led solely from the centre: regional and local leadership is crucial – and Birmingham and the Black Country is setting a positive example of how this could work at a wider scale.



The themes that emerged from this event, and from the wider desk research and interviews, are reflected in the four main ‘challenge’ sections that follow below. From these themes and challenges, CHASM has identified ten recommendations for specific policy actions. It believes, if acted upon, these recommendations will create a clearer and more coherent inclusive savings policy. This Manifesto encapsulates the recommendations of the Savings Summit and CHASM’s prior work in this area as well as the wider views CHASM obtained through its desk-based research and selected interviews. It also calls for further discussion with key stakeholders and for them to come together to develop

a practical and actionable savings policy vision – to set clear priorities for policy development and advocacy. It is a call for the specific challenges of different groups, and different regions within the UK, to be recognised.

The Manifesto is motivated by evidence that the UK has become increasingly unequal in terms of income and wealth.⁶ By closing the savings gap between those with savings and those without, we can hope for a fairer society and a more functional economy. CHASM intends this document to be a positive contribution to the debate on savings, rather than a critique of existing policy. It is motivated by a desire for change and innovation.

⁶ www.jrf.org.uk/solve-uk-poverty



KEY RECOMMENDATIONS

- 1.** A new government spending formula should be developed, linking the amount of support for lower income savers to the level of help given to ISA savers more generally.
- 2.** Policy makers and commercial providers should build on the principles of Help to Save and develop more flexible savings mechanisms and products that coincide with the needs of lower income savers. Matched savings schemes need to be lower, and more realistic targets for savers to reach before rewards from the 'matched' saving can be realised.
- 3.** Savings products need to be designed with realistic and positive savings goals as their focus.
- 4.** More needs to be done to meet the appetite for trusted 'brands.' Civil society has an important role in creating and sustaining locally branded, trusted savings institutions through effective sign-posting.
- 5.** Central and local government should support the creation of a number of national brand leaders in the Credit Union sector, working with civil society to encourage people to save and to build trust with Credit Unions.
- 6.** The rules governing information routinely provided to savers should include the obligation to inform them of alternative products or more recent offers. Higher standards of service will include this level of transparency, as well as helping lower-income savers navigate the process of switching/ opening an account.
- 7.** Commercial providers should be prevented from defaulting savers onto the lowest interest rate. Instead, lenders should default to a capped percentage of the account opening offer rate.
- 8.** A Savings Commissioner should be established along the lines of the Children's Commissioner, with responsibility to protect and promote the interests of savers, particularly those on lower incomes. The Commissioner should also have statutory powers to ensure acceptable standards of transparency in the savings market and to encourage a higher standard of service.
- 9.** Employers should be encouraged by government to provide savings services to their employees. The success of national pension auto-enrolment should be emulated for shorter-term savings, with employers automatically deducting a small proportion of a monthly income, unless employees choose to opt out.
- 10.** Local Authorities should be enabled to take the lead in bringing state, community and commercial providers together to deliver a savings strategy for lower income households with a focus on specific local needs. This role could include creating partnerships between Credit Unions, high-street banks/other financial institutions, and large not for profit institutions such as Housing Associations.

The State of the Savings Nation:

WHERE ARE WE STARTING FROM?

LOWER-INCOME SAVERS: A DIVERSE GROUP

This Manifesto is founded on the need for a positive vision for policy development addressing savings for low and medium income households.⁷ At present, the

state pays out huge subsidies to support those on higher incomes to save (in particular, through its support for ISAs but also for long term savings in the form of personal

and employer pensions). Those on lower incomes receive very little targeted assistance to save from the state despite the fact that it is more difficult for them to put money aside.

Nearly 60 percent of lower income families in Britain have no savings at all⁸ - and one in five families in Britain would be unable to raise £200 in an emergency.⁹ This lack of savings not only creates the potential for financial crisis, it also places such households at a significant disadvantage as consumers. Without a financial buffer, anxiety over the impact of bills can lead to consumer decisions that are not always the right ones in all cases for example, such as a preference for more expensive, prepaid electricity or for expensive credit. This Manifesto therefore focuses on what we can do to help those on lower incomes to save, or to support those who do save to save more.

There is no agreed definition of a 'low/middle-income' household and so this Manifesto takes a pragmatic and inclusive approach, drawing on a range of definitions. For example, the Resolution Foundation define those on lower incomes as people of working age on below-average incomes who remain largely independent of state support. They demonstrate that there were about 10 million such people in 2013/14. But this misses out those on the lowest incomes. An alternative way of defining CHASM's group of interest is to look at the 13 million people in Britain in 2013/14 who lived in the poorest households (with incomes at most 60 per cent below the median). These households will be reliant to varying degrees on state support, but half of these are working households.¹⁰

“Unsecured household debt in the UK is reaching a record high, and more and more people are borrowing just to pay the bills”

Joseph Rowntree Foundation, 2016

“One-fifth of all households would struggle to find £200 in an emergency”

CHASM Financial Inclusion report 2016

Another way of thinking about the classification of lower income households is to use the Minimum Income Standard (MIS). This threshold is based upon what a panel of 'ordinary' people believe to be the basic necessities of a decent life in

⁷ In this document we will refer to these groups collectively as 'lower income' households.

⁸ Resolution Foundation www.resolutionfoundation.org/publications/living-standards-2016

⁹ Rowlingson & McKay, 'Financial Inclusion Monitoring Report 2015', Friends Provident Foundation.

¹⁰ www.jrf.org.uk/mpse-2015

modern Britain, and currently includes things such as ownership of a mobile phone, enough money for celebrations and gifts, a modest holiday and decent clothing. In order to achieve this the MIS suggests that currently 'single people need to earn at least £17,100 [£329 a week] a year before tax to achieve the MIS, and couples with two children at least £18,900 [£363.5 a week] each'.¹¹

The potential to save within lower income households will vary significantly with variation in their income levels but also with changes in other characteristics such as lifecycle stage and demands on their income. Older households are likely to have lower every day costs than a lower income family with young children, but may face more challenges in accessing the latest financial products. Younger households may have a different understanding of

"In the final quarter of 2015, households saved an average of 3.8% of their post-tax income, including benefits, over the full year this was 4.2% - both are the lowest since records began in the spring of 1963."

Money Advice Service

debt and have less of a 'culture' of saving. Different people will be able to save in different ways or at different points. There will also be a range of motives for saving; perhaps saving for a child or to support a grandchild, to provide a school uniform, for a holiday or for a wedding or other special event. Policy makers need to understand these differences if they are to create effective savings policy that will work with individuals across the range of their needs and wants.

¹¹ www.jrf.org.uk/report/minimum-income-standard-uk-2016



“Consumer credit is ‘picking up at a rate of knots”

Bank of England, November 2015

For those on the lowest incomes an urgent bill or unforeseen cost could easily lead to financial crisis, with the real risk of having to turn to high-cost lenders, or to

a reliance on family and friends who may also be struggling. When households have to turn to commercial loans, even for only very small amounts,

the risk of long-term financial insecurity is very high.¹² There are also broader concerns about the growth of consumer credit, across a range of household types.¹³

It is therefore important that we do not assume that the challenge is the same for all households – or that there is one policy solution for everyone. Research from the Money Advice Service divided the population into three broad groups – ‘struggling’, ‘squeezed’ and ‘cushioned’ – and then broke this down into 18 more detailed segments.¹⁴ The key finding of this research was that the savings challenge is different at different life-points, with different needs and expectations for younger households, single and family households, those nearing retirement, and people of retirement age.

Therefore, CHASM argues saving policy must not be formulated in isolation from other forms of financial intervention. Some households will need and want advice around saving, whilst others will require help to manage debt, or on making best use of their existing income.

CHASM recommends that savings also need to be approached from a broader perspective in terms of the full range of a household’s financial strategy. Saving can be an important part of this, but understanding and managing debt, or developing ways of maximising household income (for example, through shopping around for utilities) is also important. This is all part of what is often referred to as ‘financial capability’, which can focus on positive goals, but also create the ability and resilience to withstand income shocks.

“8 million people have problem (unsecured) debts”

Money Advice Service, 2016

So policy supporting savings activity in the lower income group needs to be flexible. Different needs come not just with different financial circumstances, but also with different life events and personal or cultural attitudes to saving. CHASM came to the conclusion that, a mix of policy tools and both state and private section interventions may be needed to address the range of issues faced by lower income households in trying to start to save, or to save more.

¹² Yvette Hartfree and Sharon Collard, ‘Poverty, debt and credit: An expert-led review. Final report to the Joseph Rowntree Foundation’, March 2014. www.bristol.ac.uk/media-library/sites/geography/migrated/documents/pfrc1404.pdf

¹³ The Guardian, ‘Consumer spending rise troubles Bank of England’, 24/11/15, www.tinyurl.com/zeg3djo

¹⁴ Money Advice Service, ‘Market Segmentation an overview’, 2016: www.tinyurl.com/hpf2y4b

WHY SHOULD THOSE ON LOWER-INCOMES SAVE?

Savings can play a crucial protective role, providing a cushion against sudden shocks. Recent research from Stepchange shows that if each household had a savings cushion of £1000 there would be 500,000 fewer households in Britain experiencing problem debt.¹⁵

Such cushions may be especially important during times of economic insecurity, or for those who work on flexible contracts that may not provide a predictable and regular income. Recent figures tell us that there are more than 800,000 individuals living this way – a figure that has been steadily rising, from just under 700,000 in 2014.¹⁶

But there is also another role for a new savings agenda. Evidence from the two Saving Gateway pilots (a matched

“If every household in Great Britain had a rainy day fund of at least £1,000, it would reduce the number at risk of problem debt by 500,000.”

Stepchange, 2015

savings scheme that was trialled from 2006) found that a small pot of savings increased people’s sense of security, lowered anxiety and was associated with a more positive and optimistic outlook.¹⁷

Further, whilst the main reported reason for saving was to meet unplanned expenses (according to a third of respondents in a recent survey) saving for a holiday or leisure was the second most important reason.¹⁸



¹⁵ Stepchange, An Action Plan on Problem Debt, January 2015, www.tinyurl.com/jek2992

¹⁶ UK workers on zero-hours contracts rise above 800,000, The Guardian, 09/03/2016. www.tinyurl.com/zhvkw8l and www.tinyurl.com/zb63cct

¹⁷ Sodha, Sonia, and Ruth Lister. The Saving Gateway: from principles to practice. Institute for Public Policy Research, 2006. www.tinyurl.com/z4pshdz

¹⁸ Rowena Crawford, David Innes and Cormac O’Dea, ‘The Evolution of Wealth in Great Britain: 2006-08 to 2010-12’, Institute for Fiscal Studies, 2015 www.ifs.org.uk/uploads/publications/comms/R109.pdf



“Savings are much more than just about protection for a rainy day”

CHASM, Savings Summit, May 2016

Other evidence points to other positive benefits of savings.¹⁹ Individuals with savings tend to enjoy better physical

and mental health. Married couples with savings are more likely to stay together and there is growing evidence of the negative impact of financial insecurity on family life.²⁰ And, even more positively, savings can also be used as a spring-board for new directions in life; planning a wedding, going back to education or training, or starting a business.

But is it feasible or even desirable for people on low incomes to save? While income levels at the bottom end of the UK’s earning spectrum are very low, some low income households do manage to save something. A fifth of Britain’s poorest households (those in the lowest 10 percent measured by income) are able to save ‘now and then’,²¹ and nearly half would like to save if they could, even if only a modest £10 a month.²² In a recent large survey of

saving behaviour, it was found that those on incomes below £13,500pa saved less regularly than those with more money. But the survey found that just over half of this group did in fact save, even if not regularly.²³

Those with incomes in higher percentiles also are not always significant savers.²⁴ As such development of effective savings incentives and support is also applicable to many medium and even high income earners to develop good savings habits.

There are also important innovations in developing effective savings activities taking place in the financial sector. Later in this Manifesto we look at the contribution Credit Unions can make to supporting savings for those on a wide range of incomes, not just those at the lowest end. But to highlight one example of behavioural evidence that comes from Hoot Credit Union,²⁵ which grants loans only on the condition that borrowers also save a little at the same time, shows the power of developing

¹⁹ See Rowlingson, Karen, and Stephen McKay. *Wealth and the Wealthy: Exploring and tackling inequalities between rich and poor*. Policy Press, 2012.

²⁰ Ponnet, Koen. “Financial stress, parent functioning and adolescent problem behavior: An actor-partner interdependence approach to family stress processes in low-, middle-, and high-income families.” *Journal of youth and adolescence* 43.10 (2014): 1752-1769.

²¹ Karen Rowlingson & Steve McKay, ‘Financial Inclusion Monitoring Report 2015’, Friends Provident Foundation.

²² Resolution Foundation www.resolutionfoundation.org/publications/living-standards-2016

²³ Money Advice Service, *Financial Capability Survey, 2015* www.tinyurl.com/huvqhyh

²⁴ Money Advice Service, *Closing the savings gap, September 2016* www.tinyurl.com/jctag7u

²⁵ www.wisewithmoney.org.uk/about.html



a savings habit. Forthcoming evidence from the Fairbanking Foundation highlights that even saving as little as £1 a week has a positive effect on behaviour, encouraging people to save more when they can. Sometimes even the smallest changes have positive results where habits are changed and good patterns of saving behaviour are formed.

So whilst many on lower incomes are not saving regularly because they can't afford to, it should not be assumed that there is no desire to save even in difficult circumstances.²⁶ Enabling irregular savers to become regular savers, or regular savers of smaller amounts to become regular savers of larger amounts, is a worthwhile policy objective and one that will have significant positive impact on those on lower incomes who are able to save.

In the following section CHASM explores four particular policy challenges we argue need to be addressed to develop more inclusive savings policies, product developments and other interventions that will in particular aid those on lower incomes to save. These policy challenges provide the basis for ten specific recommendations made in this report for actions to help tackle the issue of the low numbers of savers and the declining ratio of saving to spending in the UK over the recent past.

²⁶ Money Advice Service, Closing the Savings Gap, September 2016 www.tinyurl.com/jctag7u

Four savings policy challenges

CHASM's research for this report suggests that there are four key current savings policy challenges to the development of a more inclusive savings policy agenda. We propose ten policy intervention recommendations that are needed to address these challenges:

Challenge 1:

THE STATE NEEDS TO PROVIDE A BIGGER SAVINGS 'NUDGE'

In the last year there have been some welcome developments in savings policy at a national level that will undoubtedly have positive impacts on those with lower incomes desiring to save or who currently holding savings. Given the historically very low rates of interest paid on savings that have been available to savers in the last few years, direct help from Government to boost returns to savings for those on lower incomes is an important element of the incentive to save for this group.

In terms of increasing the returns to savings the new Personal Savings Allowance (PSA) have been introduced allowing people to earn up to £1,000 a year (reduced to £500 for higher earners) in savings interest before any income tax is due on this return. However, this only helps for those who are already saving, and with currently very low interest rates on savings, to gain full benefit of this headline sum a saver would need to have £200,000 saved.²⁷ This places much of the benefit of this new allowance out of reach for moderate and smaller savers and therefore provides almost no support for those on lower incomes.

Further, the current Individual Savings Account (ISA) framework, enhanced by the recently launched Housing 'Help to buy' ISA, and the forthcoming Lifetime Savings Account (LISA), are targeting those on higher incomes who can afford to save more and are able to 'lock away' their money for a considerable time before access is required. Anyone between the ages of 18 and 40 will be able to open a LISA and contribute up to £4,000 a year, with a 25 percent government top up, up until the age of 50. However, if savers withdraw funds before the age of 60 they lose the top-up and the tax relief on any interest earned, whilst also paying a 5 percent penalty.

This clearly represents a very strong 'nudge' to save for the longer-term. It will certainly be beneficial for many affluent and financially stable individuals and households. But what is really needed for lower income savers are products that offer strong financial incentives to save and to form good savings habits, even if only small amounts can be saved, but which are more flexible in terms of the way in which 'rewards' are accumulated and realised.

²⁷ Assuming an interest rate of 0.5%, £200,000 would be needed to produce an annual return of £1,000

This is, potentially, where the soon to be launched 'Help to Save' scheme could be extremely helpful. This is a matched savings scheme available to those eligible to claim tax credits or the new Universal Credit. However, in comparison to other savings schemes it is receiving very little financial support. A recent government response to questioning by the BBC predicted that Help to Save would cost the government £70m over two year²⁸ and only £70m per year by 2020-21.²⁹ This is a welcome contribution, but ISA support costs dwarf this. The estimated cost of providing tax deductions for ISAs in 2015/16 is £2.6bn (rising from £1.9bn in 2012/13).³⁰ As a proportion of the cost of ISA tax deductions, the costs of Help to Save represents just 1.4%.

Clearly much more needs to be done to support the kind of lower income saver that Help to Save is targeted at. The overall savings framework will always offer more benefit to those with more savings rather than those with less, particularly where rewards and bonuses are based on sums saved. More funds need to be made available to reward saving activity of lower income savers, and those with lower overall levels of savings. However, it may well be that an emphasis on these groups may be at the expense of those saving at a higher level. This, CHASM argues, should be an acceptable rebalancing of the total costs of state support of savings to encourage good saving behaviours and help form saving pots for those on lower incomes where this help is most needed and where it could make the most incremental difference.

POLICY RECOMMENDATION 1:

A new government spending formula should be developed, linking the amount of support for lower income savers to the level of help given to ISA savers more generally.

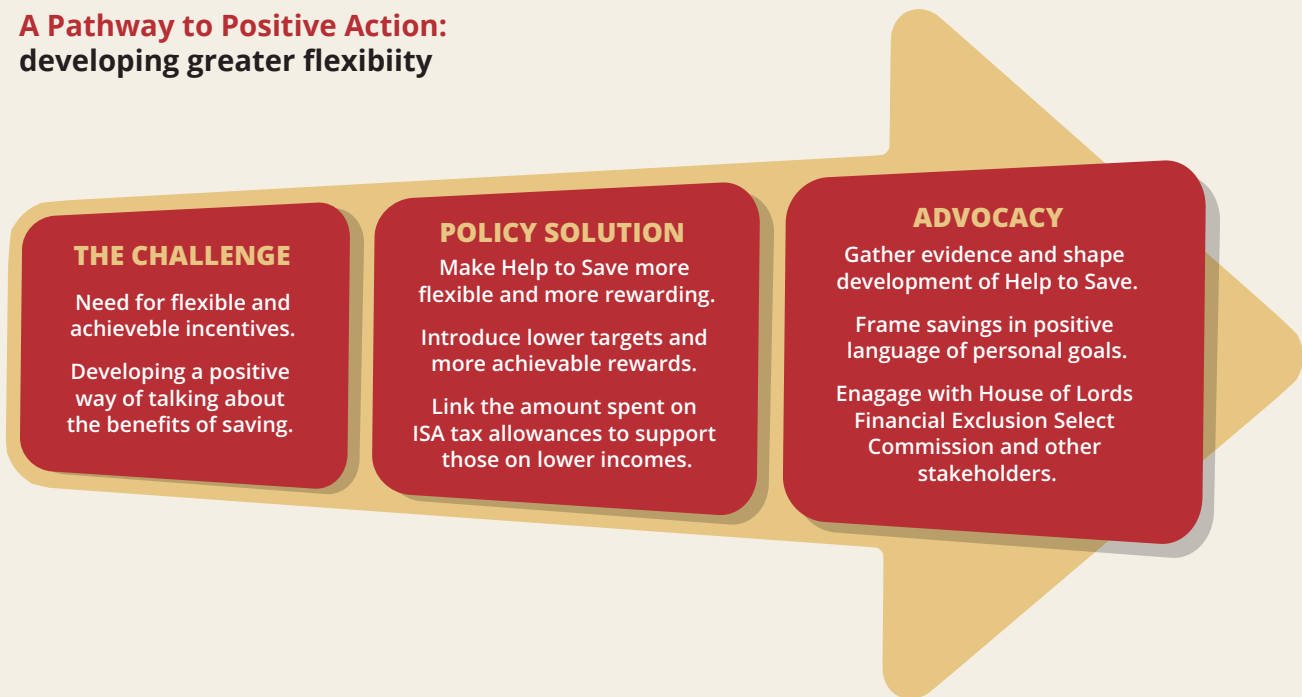


²⁸ www.bbc.co.uk/news/business-35799404

²⁹ www.gov.uk/government/uploads/system/uploads/attachment_data/file/508147/PU1912_Policy_Costings_FINAL3.pdf

³⁰ www.hmrc.gov.uk/statistics/isas.htm

A Pathway to Positive Action: developing greater flexibility



CHASM believes that more support for schemes like Help to Save would therefore be welcome but what kind of scheme is needed? The full details of the implementation and operation of Help to Save have not yet been released, however, the basic structure has been made public. For every £1 saved over a (maximum) four-year period the government will contribute 50 pence, up to a maximum of £25 a month (£1,200 in total over the full four years). The accounts will be available to open by April 2018.

to the government bonus if they meet the (as yet unspecified) targets. These will be based in part on the amount an individual saves and the length of time these savings are held in the account.

Help to Save is a positive development but it has its limitations. Some analysts worry that instead of actually encouraging more people to save it largely offers a reward for those who are already saving. The Institute for Fiscal Studies, for example, calculates that half of those who would benefit from Help to Save fall into this category.³¹ Their response is to call for better ways in which Help to Save can be targeted more effectively, excluding those who would save anyway.

"I've made it the mission of this government to transform life chances across the country. That means giving hard-working people the extra support they need to fulfil their potential"

David Cameron, www.tinyurl.com/h3xbvql

Savers will be able to withdraw their funds at any point – but they will only be entitled

³¹ 'Who will 'Help to Save' help to save?' www.ifs.org.uk/publications/8423

CHASM's position differs from this. Whilst targeting is important to ensure limited resources to support such schemes are suitably applied, we believe it is more important to have a reasonably wide breadth of coverage, helping those on low-incomes to save more, even if they are already savers, as well as helping those within this group to start saving. Instead of excluding some low-income groups from the incentives on offer, perhaps because they are already saving modest sums, it is as important to focus on a positive agenda that gets the incentives right for all low-income savers to grow their savings habit - whether currently saving or not.

CHASM would argue that the Help to Save scheme, and similar future schemes targeting lower income savers, need to set lower and more achievable reward points than are currently being proposed for discussion, allowing savers to collect a bonus contribution (even if not fully matched) once a lower savings target has been met.

Building on the most recent policy thinking CHASM believes it is also important to think about greater flexibility,³² allowing savers to access their savings when needed without necessarily losing a bonus that is conditional on keeping the funds in the account for a long period of time. It is important to retain an incentive to save for the longer-term to ensure short term challenges do not always win out over longer term needs. However, a balance needs to be struck. Short term savings need to be incentivised beyond what has been announced currently for longer term match rewards – within the Help to Save scheme directly or perhaps by the creation of another scheme specifically targeting shorter term savings support.

“It is welcome that the Government is looking to encourage people to save, but it needs to be careful that people are not incentivized to make the wrong choice with their money”

Steve Webb, former pensions minister, www.tinyurl.com/hq5aq7g

Additional elements of the Help to Save scheme that might be considered for refinement could include;

- A 1:1 match scheme to provide significant rewards for those with very limited ability to save and to save for only short periods of time – even if only to be made available for small sums saved. This should be accessible in a lump sum on a regular basis.
- Savings pots created should be more accessible as an emergency fund, with savers allowed greater opportunity to withdraw money without the threat of losing all of the matched element or given some other penalty that dis-incentivises creating the pot in the first place.
- In the lead-up to the Help to Save announcement there were alternative policy suggestions, including one for savers to claim a matched saving contribution based on the rolling average of funds in their account. CHASM believes this should be re-considered.³³
- The scheme should also include the ability to build in a contingency allowance, giving savers a set number of opportunities to withdraw a sum of money without penalty.

³² See, for example, Stepchange, 'Becoming a nation of savers: Boosting lower income savings', September 2016, www.inyurl.com/zukm4cy

³³ Tony Dolphin, 'Designing a Life-Course Savings Account How to help low-to-middle income families save more', IPPR, 2011

A close-up photograph of a clear glass jar filled with numerous coins of various denominations, including gold and silver pieces. The jar is positioned in the foreground, and the background is a soft-focus outdoor scene with greenery and a building. A dark red rectangular box is overlaid on the left side of the image, containing white text.

POLICY RECOMMENDATION 2:

Policy makers and commercial providers should build on the principles of Help to Save and develop more flexible savings mechanisms and products that coincide with the needs of lower income savers. Matched savings schemes need to set lower, and more realistic targets for savers to reach before rewards from the 'matched' saving can be realised.

The House of Lords launched a Select Committee on Financial Exclusion in July 2016³⁴ and CHASM will seek to engage with this and similar processes to have real impact in this area. It is vital to gather and present the evidence on what works for lower-income savers to a range of stakeholders. The creation of the 'What works' fund by the Money Advice Service is a further welcome move in this direction to help support effective evaluation of savings interventions, and to gather and share such evidence.³⁵

Influencing the policy process alone, even where this produces changes in available market products, is not enough in and of itself. Policy makers and advocates need to bring lower income savers with them. An effective way to achieve this is arguably not with warnings of the perils and potential hardships of having no savings, but by changing the language about saving so that it focuses on how savings can

POLICY RECOMMENDATION 3:

Savings products need to be designed with realistic and positive savings goals as their focus.

help reach positive goals – with a positive narrative of how this ultimately gives savers greater control over their lives. Language matters and a key challenge is to talk about the positive benefits of saving which chimes with people's own experiences and personal objectives. Saving for a 'rainy day' is very important and should not be neglected, but in many respects this is based on a negative – the threat of some financial crisis. Evidence from the CHASM Savings Summit suggested strongly that a more positive focus on personal objectives – saving for a positively anticipated event – needs more attention, alongside the more traditional 'rainy day' saving messages.



³⁴ www.parliament.uk/financial-exclusion

³⁵ www.moneyadvice.org.uk/en/corporate/money-advice-service-launch-new-7-million-fund-to-support-financial-capability-projects

Challenge 2:

CIVIL SOCIETY ORGANISATIONS NEED TO WORK BETTER TOGETHER TO PROVIDE TRUSTED SAVINGS PRODUCTS AND SUPPORT SERVICES

Many (potential and current) savers on lower incomes live in deprived communities and experience a range of socio-economic challenges that may make saving difficult. These range from not having access to steady job opportunities to geographical isolation from financial services. This could be lack of access to a high street bank or limited or no access to online services. There are some areas in the UK where debt ('bad', high interest, unaffordable debt) may be seen as an inevitable part of life, though there is in fact lots of evidence to suggest that there can be a strong savings culture in many such communities, with private savings and 'Christmas' clubs potentially playing a significant role.³⁶

A variety of civil society organisations play critical roles in supporting savings related activities by those on lower incomes. These include faith groups operating debt or other financial related counselling services (e.g. Christians Against Poverty - CAP³⁷) and other specialist charities including Citizens Advice,³⁸ the Money Advice Trust³⁹ and Stepchange.⁴⁰

In terms of provision of saving services for lower income households in the UK, local Credit Unions play a central role in helping lower income households to save. However, Credit Unions have much more to offer as a core part of an inclusive savings policy environment than simply a bank for poorer people. Such type-casting is not the case in many other countries where Credit Unions have a much greater presence, and a membership that is effective across all income groups – in turn helping to create a scale and range of services all can benefit from.

³⁶ Kempson, E. and Finney, A. (2009) *Saving in Lower-income Households: A Review of the Evidence*, London: Her Majesty's Treasury, p 26.

³⁷ www.capuk.org

³⁸ www.citizensadvice.org.uk

³⁹ www.moneyadvicetrust.org

⁴⁰ www.stepchange.org

The level of participation in Credit Unions has more than doubled in the last 10 years in England and Wales.⁴¹ But usage remains very low as a proportion of the population and significantly below that of other countries.⁴²

For many people, in particular those with little to save and limited ability to spread their savings to reduce the risk of placing them with one provider, it is important to have a local and trusted financial institution, perhaps fulfilling the need that Post Office branches once met as a financial intermediary to national saving schemes. Credit Unions could provide services for many more households than are currently members, but there are often low levels of public awareness about their existence, location and range of services.



⁴¹ Rowlingson, K and McKay (2016) Financial inclusion monitoring report 2016, Birmingham: University of Birmingham, www.birmingham.ac.uk/Documents/college-social-sciences/social-policy/CHASM/annual-reports/financial-inclusion-monitoring-report-2016.pdf

⁴² www.abcul.org/media-and-research/facts-statistics

POLICY RECOMMENDATION 4:

More needs to be done to meet the appetite for trusted 'brands'. Civil society has an important role in creating and sustaining locally branded, trusted savings institutions through effective sign-posting.

Trust in financial institutions is a crucial element of an effective inclusive savings system. Suitable external kite-marking and signposting by trusted civil society bodies are both important in developing and maintaining trust amongst savers, but particularly amongst lower income savers where the relationship between the saver and the chosen financial institution is likely to be a particularly important element of making growing effective savings behaviours.

Once such example in the kite-marking arena is the Fairbanking Foundation's 'Fairbanking Mark',⁴³ awarded only to the products of financial institutions that meet stringent criteria on fairness and transparency and which encourage financial well-being. This kite-mark is focused at the product level not more generally at the wider institution offering the product. It is therefore not specifically designed to develop trust at the institution level as proposed here, however, this system may have a useful spin-off effect where specific products receive this award particularly as multiple products from a particular institution receive the accolade.

If, as a country, we are to build a more inclusive savings agenda that is sustainable and actually meets the needs of lower income households we cannot rely on government nudges and product innovations alone. Such interventions will not be as effective as they could be if people do not trust the institutions they are required to deal with.

Civil society organisations often do more than just offer their own services, and there is a growing need for their active support for sign-posting and helping to support access to suitable services others provide. Several agencies do this well at present, including Citizens Advice⁴⁴ and the Money Advice Trust,⁴⁵ but CHASM believes there is scope for more such sign-posting activity. Participants at the Savings Summit highlighted the importance of this model and, potentially, the crucial role that local housing associations could, and often do, play in helping people access such services – albeit this is often only possible for their tenants unless as part of other advocacy services they offer beyond their core housing mission.

Greater links between civil society organisations and good product and service providers, commercially operated or otherwise, in the savings market will help to :

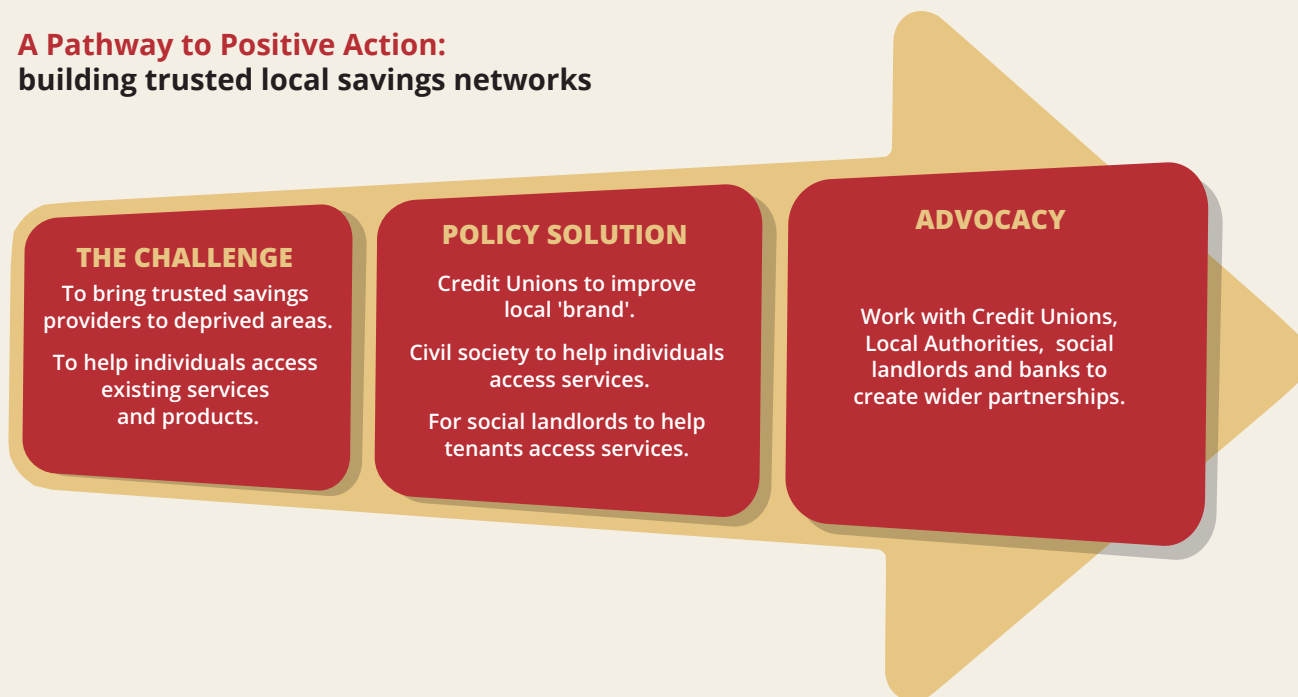
- spread good practice,
- support the growth of good providers of savings services,
- grow brand awareness, and
- develop the needed trust in providers and their products.

⁴³ www.fairbanking.org.uk/wp-content/uploads/2016/05/Press-release_Fairbanking_Credit-Unions_FNL.pdf

⁴⁴ www.citizensadvice.org.uk

⁴⁵ www.moneyadvicetrust.org

A Pathway to Positive Action: building trusted local savings networks



Civil society organisations such as social housing providers can also play a crucial role in this context working alongside other civil society organisations, building local networks, enabling access to a lower income client base and making effective use of their trusted status.

The West Midlands is a region with particularly low savings rates. In a recent review of savings conducted for the Money Advice Service, 55.2% of people in the West Midlands region were found to have less than £100 in savings⁴⁶ – second only to Northern Ireland within the UK for such low levels of savings. The civil society in the region has responded in various ways to this challenge, looking to work together as outlined above. For example, in Birmingham’s Bull Ring Indoor Market a number of local institutions have come together in a visible and

POLICY RECOMMENDATION 5:
Central and local government should support the creation of a number of national brand leaders in the Credit Union sector, working with civil society to encourage people to save and to build trust with Credit Unions.

accessible ‘hub’, allowing people to access a range of services and savings products.⁴⁷ Birmingham Money brings together Advance Credit Union, City Save Credit Union and Money Line, and offers opportunities to save as well as providing debt advice.⁴⁸ Funded in part by money seized from illegal lenders, this is a key example of a coherent local strategy, driven by local government but delivered in partnership with civil society sector organisations.

⁴⁶ www.moneyadvice.service.org.uk/en/corporate/press-release-low-savings-levels-put-millions-at-financial-risk

⁴⁷ Birmingham News Room, 27/06/2016, www.birminghamnewsroom.com/money-advice-service-to-open-at-the-indoor-market

⁴⁸ www.advancecu.org.uk
www.citysave.org.uk
www.moneyline-uk.com

Challenge 3:

EFFECTIVE COMPETITION FOR LOWER-INCOME SAVERS WITHIN THE COMMERCIAL MARKET NEEDS TO BE STRENGTHENED

Top-ups and direct support for savers from government are powerful policy tools to encourage and enable lower income earners to save. But this type of intervention can only go so far. Commercial providers are also needed to make schemes like Help to Save work. A savings agenda that does not have a central role for commercial financial institutions will be severely limited in practice.

However, the current commercial market is not always operating in the best interests of savers. For example, arguments are regularly made that savers are not receiving a good service at present, given both historically low interest rates and

a lack of effective competition between financial services companies. This affects lower income savers particularly where effective competition for their limited, often irregular and short term, savings is severely restricted.

The commercial savings sector in the UK is also failing many households when it comes to communication – particularly to those on lower incomes. Too often people

open an account which offers one rate, only to find this rate changes, sometimes relatively shortly after it has been set up, and are then not always informed in a clear and transparent way that this has happened or its consequences on returns they had expected when opening the account.

A default market position is to switch providers to 'standard' rates on completion of a product's term. The rates available on these products are often very low compared to rates available to new savers. It is also the case that it can be challenging to even find out what rates are being paid at any point on any product - this information is often hidden away in difficult to find places on websites or absent from promotional materials. Also, as many accounts mature, they are replaced with newer products, which means many savers are not maximising their returns from their savings.

Recent changes in rules on notifying the saver of changes in interest rates, are to be welcomed. These rules need to be kept under regular, and critical, review to ensure this notification takes place, that the information on changes reaches the policy holder, and that clear and understandable guidance is provided on how to move to higher return accounts is outlined.

“£160bn is languishing in savings accounts paying 0.50% or less. Some accounts are paying as little as 0.10%”

The Savings Champion

A photograph of a classical bank entrance. The entrance features a large, dark wooden double door framed by two stone columns. Above the door is a decorative stone pediment with the word "BANK" in raised, gold-colored letters. Above the pediment is a large, semi-circular window with a white metal frame. The building is constructed of light-colored stone and brick. A red text box is overlaid on the right side of the image.

POLICY RECOMMENDATION 6:

The rules governing information routinely provided to savers should include the obligation to inform them of alternative products or more recent offers. Higher standards of service will include this level of transparency, as well as helping low-income savers navigate the process of switching/opening an account.

POLICY RECOMMENDATION 7:

Commercial providers should be prevented from defaulting savers onto the lowest interest rate. Instead, lenders should default to a capped percentage of the account opening offer rate.

The constant need to change accounts to maintain optimal returns is an unreasonable expectation for all but the most committed of savers. A savings market which expects savers to do this disadvantages lower income savers disproportionately. Further steps are likely to be needed in legislating against the ability to require churn in account ownership as a tool to reduce returns to be paid to savers. This may include restricting savings providers' ability to drop existing savers onto default rates on expiry of attractive offers for new products.



Those with 'basic' accounts, as may be offered to those on the lowest incomes, are also often offered a lower standard of service than those with 'normal' accounts. This may include requiring online only interaction and other limitations such as not sending paper letters or account statements. Those on lower incomes are those who are often least able to interact online with a financial institution and will be therefore be put at an disadvantage.⁴⁹

The need to provide detailed ID on all occasions, even for opening basic accounts for small savings amounts, discriminates against low income groups which may find requirements such as proof of residency less easy to provide.⁵⁰ Basic savings accounts, perhaps with capped sums allowed within them, could be established that have much lower ID requirements.

The creation of a Savings Commission(er), perhaps along the lines of the Children's Commission(er), that provides safeguarding services and monitors the providers on behalf of all savers on issues such as transparency of interest rates and notification of change to rates would be a step in the right direction.

It is important to recognise that there are a number of interesting and promising developments, particularly being facilitated by 'FinTech' (financial technology) developments and wider availability that could be used to address these challenges. These positive developments need to be built on.

For example, Lloyds Bank offers a Save the Change option on its debit card, with any purchase made on the card rounded up to the nearest pound and transferred to a savings accounts. Likewise, a scheme in the USA enables rebates on purchases

⁴⁹ www.fca.org.uk/publication/occasional-papers/occasional-paper-17.pdf

⁵⁰ www.fca.org.uk/publication/occasional-papers/occasional-paper-17.pdf

to be paid into a savings account. In both cases the ability to save without conscious transfer of funds or the requirement to visit a savings institution's building to complete a transaction, can reduce the effort involved in undertaking saving.

The Fairbanking Foundation's 2013 review of savings products identified several such positive innovations in the previous three years.⁵¹ RBS/Natwest, Lloyds and Santander had developed goal-based saving tools. RBS/Natwest's tool had 10 goals – including a rainy day fund but also specific objectives such as a wedding or purchase.⁵² The impact of these tools has been tracked by RBS/Natwest, with impact measured by the extent to which savers were meeting their goals. The results were positive: in the first half of 2013, 70 percent of all goals set by savers were realised. An integrated budget planner also proved to be popular and useful as a tool that encouraged saving: one respondent in the research even commented, "I liked the way the budget planner was 'fun'. It's not as sloggy as typing up a spreadsheet, this was click and go. Perfect for me as I'm always busy."⁵³

There are also innovations from elsewhere in the commercial sector. As just one example, the West Bromwich Building Society currently offers a Monthly Saver account that doubles the interest paid if the account holder pays in for 10 months out of 12 and has no more than three withdrawals.⁵⁴

These innovations demonstrate not only a willingness to think long-term, but also an increasing sophistication of commercially provided products that matches the best thinking in public policy development.

POLICY RECOMMENDATION 8:

A Savings Commissioner should be established along the lines of the Children's Commissioner, with responsibility to protect and promote the interests of savers, particularly those on lower incomes. The Commissioner should also have statutory powers to ensure acceptable standards of transparency in the savings market and to encourage a higher standard of service.

A NUDGE IN THE RIGHT DIRECTION?

Lloyds Bank offers a Save the Change scheme on its debit card, in which any purchase made is rounded up to the nearest pound and transferred to a savings account.

In the United States Upromise allows members of the scheme to gain credits from a number of consumer purchases, with the option of then putting their credits into a savings account or paying off student loans.

⁵¹ Anthony Elliot, 'Fairbanking Ratings: Reaching for the Stars', The Fairbanking Foundation, 2013.

⁵² www.personal.natwest.com/personal/savings/tools-for-savings/savings-goal-tool.html

⁵³ Anthony Elliot, 'Fairbanking Ratings: Reaching for the Stars', The Fairbanking Foundation, 2013, p. 15.

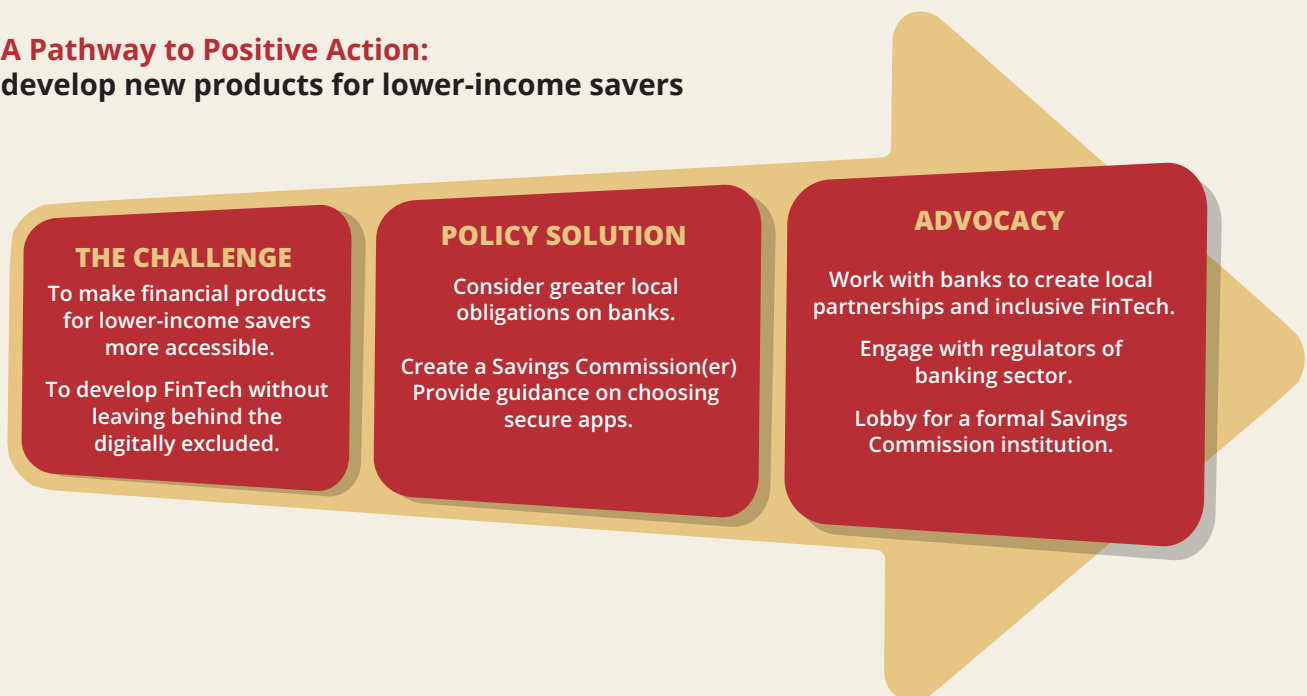
⁵⁴ www.westbrom.co.uk/savings/regular-savers/access-regular-saver

Various new apps also support people to save in a number of novel, sometimes game-orientated ways that provide further nudges and incentives to saving and the development of good savings habits. A number of banks are texting customers when self-set spending limits are reached and they are nearing overdrafts limits. These are tools that could be further developed.

However, app proliferation may create problems for some savers and is not a panacea that will be equally effective for all.

For example, as the number and range of apps available grows then choice of the best products to use is likely to become a challenge and savers may succumb to inertia and therefore act sub-optimally due to a lack of information. Concerns about security of mobiles and fraudulent activity also need to be taken into account. Further, not all lower income users have the same level of access or experience with using smart phones and apps products.

**A Pathway to Positive Action:
develop new products for lower-income savers**



THE CHALLENGE

- To make financial products for lower-income savers more accessible.
- To develop FinTech without leaving behind the digitally excluded.

POLICY SOLUTION

- Consider greater local obligations on banks.
- Create a Savings Commission(er)
Provide guidance on choosing secure apps.

ADVOCACY

- Work with banks to create local partnerships and inclusive FinTech.
- Engage with regulators of banking sector.
- Lobby for a formal Savings Commission institution.

Including a larger number of excluded households or deprived areas in a new savings agenda will require a partnership between state, commercial and civil society. Where this is not happening there may be a case for a less voluntary approach for commercial providers, perhaps modelled on the USA's Community Reinvestment Act,⁵⁵ which requires banks and other commercial lenders to help meet the savings and borrowing needs of all who live or work in their areas of operation.

⁵⁵ www.ffiec.gov/cra

Challenge 4:

THE ROLE OF EMPLOYERS AND CROSS-CUTTING PARTNERSHIPS NEEDS TO BE ENHANCED

For many years large employers have been able to offer workers a Save as You Earn scheme,⁵⁶ with a monthly deduction that can be used to build up a savings pot. Other similar schemes have been offered more recently; for example, Share incentive Plans or Workplace ISA schemes.⁵⁷ This can be a valuable form of longer-term saving for those with access to such schemes particularly if savings for share ownership is a key goal for the saver. But these schemes are not universally available and there is no requirement for employers to offer them.

More recently, there has been a growing trend towards provision of workplace 'financial wellbeing' or 'financial wellness' services. These services have ranged from assistance with debt and budget management, the provision of low cost credit arrangements, support for short-term savings, and financial education. In the longer-term CHASM hopes that this type of support could routinely be made available to all working adults. Recent research conducted by it has suggested that such provision could overcome many of the barriers to development of effective financial well-being.⁵⁸

FinTech is also playing an increasingly important role in employer-mediated savings support for their employees. Online and phone apps such as Squirrel⁵⁹ allow employees to do things like track their bills and set alerts when budget limits are being reached.



In other countries employee-based Credit Unions are already playing an important role, much more so than in the UK. There is potential for more partnerships between employers, employees and savings institutions in the UK to mirror what is being provided in greater volume in other countries. But there are significant challenges. Small employers are less able to offer support for the administration required behind savings schemes and are unlikely to be in partnership with a Credit Union. In industries where significant numbers of smaller employers exist, professional bodies, or other intermediary agencies such as unions, could therefore play a greater role in providing such schemes to groups of members.

⁵⁶ www.gov.uk/tax-employee-share-schemes/save-as-you-earn-say

⁵⁷ www.moneyadvice.service.org.uk/en/articles/workplace-investment-schemes

⁵⁸ John Moss (2015) 'Personal financial planning advice – barriers to access', Phd thesis, www.theses.bham.ac.uk/6016

⁵⁹ www.squirrel.me

Other challenges exist however, for the large numbers of lower income people who find themselves moving in and out of work, on zero-hour contracts perhaps with one or even multiple employers, or who work for employers where such benefits are not made available to lower paid employees. Where such employees suffer frequent moves from one job to another, with the resulting rapidly changing employer relationships, this would make

tracking such savings schemes difficult for most savers and their employers to manage. Only products that offer flexibility for different employer contributions may be suited to such sectors of employment. Alternatively, products that link to what may be more consistent elements of employment relationships, for example, where professional association or union membership is maintained between employers.

A Pathway to Positive Action: embed a savings culture in the workplace



CHASM joins Stepchange, a national debt charity, in calling for the extension of auto-enrolment in savings schemes.⁶¹ Stepchange's research finds that two-thirds of lower income earners say they would save more if auto-enrolled savings products were available to them. This could happen at a national level, and potentially across all employers. Auto-enrolment for pensions has demonstrated how successful this can be. Making an auto-enrolment

⁶⁰ See Stepchange, 'Becoming a nation of savers: Boosting lower income savers', September 2016, www.tinyurl.com/zukm4cy

⁶¹ Stepchange, 'Becoming a nation of savers: Keeping families out of debt by helping them prepare for a rainy day', 2015.

savings scheme work for everyone – all who want to save and all employers – will require a similar level of co-operation across state and commercial providers, possibly with favourable tax treatment for employers. The power of ‘nudge’ could also be harnessed. In the United States the Save More Tomorrow⁶² model commits employees to adding a proportion of any pay rise to their pension plan – with savings rates in participating companies quadrupling.⁶³ This type of scheme could also be used to encourage shorter-term savings, with pay increases going into a ‘jam jar’ type of account, accessible annually.

CHASM believes auto-enrolment for short term savings could provide a significant impact to reduce the large numbers of those with no or very low sums saved, akin to the impact it is having on longer-term savings for pensions. This could be linked to the new UK system for auto-enrolment for pensions, or as standalone savings schemes.

POLICY RECOMMENDATION 9:

Employers should be encouraged by government to provide savings services to their employees. The success of national pension auto-enrolment should be emulated for shorter-term savings, with employers automatically deducting a small proportion of a monthly income, unless employees choose to opt out.

Central Government must play its part if there is to be a fairer and more inclusive savings framework in Britain. But local authorities must also play a role, using existing powers to raise finance and distribute money in innovative ways.

Whilst it is unreasonable to expect local authorities to have the same financial potential as central government, recent developments in Birmingham show the power of innovative thinking and resulting action. Birmingham City Council’s illegal money lenders (loan sharks) team is using funds seized from the proceeds



⁶² www.faculty.chicagobooth.edu/Richard.Thaler/research/pdf/SMarTJPE.pdf

⁶³ Financial Times, “Save more tomorrow’ gives pensions a boost. Behavioural finance is helping to encourage retirement saving”, January 8th, 2012. www.tinyurl.com/jn2av3j

of crime to offer incentives (£10-25 after three months) for people to save through local Credit Unions, focused on areas judged to be vulnerable to illegal lending. Wolverhampton City Credit Union used this opportunity to offer a £5 incentive to new members, and the number of new accounts opened nearly tripled.

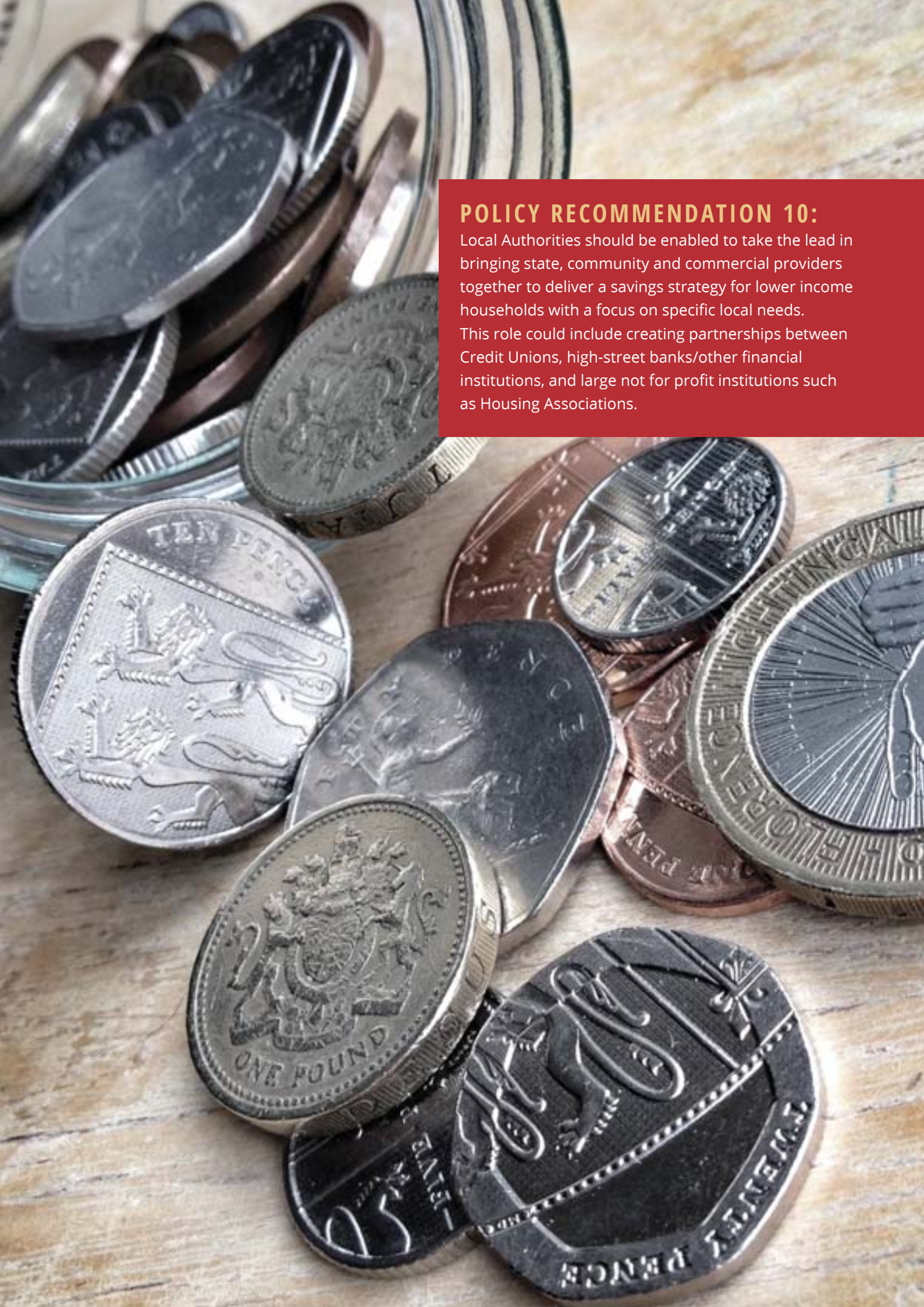
Similar schemes operate across the country at local level and such local solutions can be key to the development of effective nudges to improve savings behaviours across the nation by those on lower incomes. Greater national support for local solutions could play a critical role in furthering such solutions and sharing of good practice more widely.

Responsibility for interventions to grow financial capability at the local level is very much on the political agenda as part of devolution. The potential for cross-cutting partnerships to support an inclusive savings policy agenda needs to be explored again in this more local context. This could include developing new ways for commercial providers, local employers (large and small), local authorities and civil society to work together more routinely. It is very much in local authorities' interests to enable lower income households in their areas

of responsibility to be more financially included. This will not only reduce their cost base for services, but also, in time, help to create more attractive living and working environments in local authority areas of responsibility.

Credit Unions and similar savings institutions, and civil society organisations (or civil society-like organisations such as Housing Associations) are already often very locally focused and well positioned to work with motivated and enlightened local authorities. Global commercial providers are also revisiting their local provision and reassessing how they support and retain local employers and employees – a continuing response to the financial crisis challenges and repositioning of banking as a responsible business. Greater opportunity to engage locally is likely therefore to be welcomed by such commercial providers.

Taken together, this provides a 'perfect storm' of opportunity to bring together local provision and the operation of effective savings policy for lower income savers in a way that is perhaps more politically and socially acceptable than has been the case for some time.



POLICY RECOMMENDATION 10:

Local Authorities should be enabled to take the lead in bringing state, community and commercial providers together to deliver a savings strategy for lower income households with a focus on specific local needs.

This role could include creating partnerships between Credit Unions, high-street banks/other financial institutions, and large not for profit institutions such as Housing Associations.

From Challenge to Opportunity:

TOWARDS A NEW SAVINGS AGENDA

Many people in Britain experience significant financial difficulties which make saving difficult. But many lower (low and medium) income households do manage to save, even if only small amounts every now and then. This can nevertheless be a valuable protective cushion against unexpected financial shocks. But the ability to save for a specific (positive) purpose could also be viewed as a social right, or a means of enhancing wellbeing as well as a pragmatic poverty prevention strategy.

A new savings agenda needs to be positive, building on what people want to save for, not just what policy makers think they need or as a cushion in case things happen to them that are unplanned. Government, nationally and locally, must have a hand in this new agenda. Significant help exists currently for savers who can afford to save larger sums and save over a longer term, but little targeted help exists for those who can't afford to save much or who have to dip in and out of their savings on a more regular basis. A more inclusive savings policy agenda with more elements for lower income savers fits with current

political rhetoric around the creation of a society which all can benefit from participating in.⁶⁴

This government help must come hand in hand with action from civil society groups and commercial financial service providers. Reaching the needs of all savers will require innovation and flexibility in the market, with greater transparency and sensitive 'nudges'. Civil society groups will also play a key role in bringing commercial services, including those of Credit Unions, to the financially excluded and ensuring lower income savers are supported in making the most of the opportunities government bodies create for them.

In all this it is important to recognise the power of networks and partnerships. Banks and lenders can and should work more with local institutions such as local councils or social housing landlords. And researchers and policy makers need to work with those who deliver policy to help monitor and report on the interventions that are working best for different groups on lower incomes.

⁶⁴ www.independent.co.uk/news/uk/politics/theresa-mays-first-speech-to-the-nation-as-prime-minister-in-full-a7135301.html



CHASM believe that a more inclusive savings agenda providing greater focus on support for lower income individuals and households in Britain could be created on the basis of several limited, but key, interventions as outlined in this Manifesto. CHASM will be taking these forward with new research looking at savings within a framework of financial inclusion. CHASM will be looking at financial education, the ways in which the tax and benefits system may help or hinder lower income households, and the relationship

between different types of housing and the ability to save. In keeping with the principles of this Manifesto, all of our planned work will be seeking engagement with practitioners, policy makers and campaigners. Our focus will be both national and regional – drawing on and feeding into the innovations that are already taking place in Birmingham and the Black Country.

APPENDIX 1:

RESOURCES

For more information, the following reports provide a useful starting point.

- CHASM's Annual Financial Inclusion Monitor offers a broad analysis of the state of financial inclusion in Britain, with key information about savings. The 2016 Monitor can be downloaded here: www.tinyurl.com/hnd4aph. CHASM has also produced a series of Briefing Papers on savings and related issues. These can be found here: www.tinyurl.com/hnd4aph
- At the end of 2013 CHASM also produced a major report entitled 'Sharing our good fortune: Understanding and Responding to Wealth Inequality, Policy Commission on the Distribution of Wealth: Birmingham: University of Birmingham'. This presented the findings of a year-long commission on the impacts of inequality and the distribution of wealth in Britain. It can be found here: www.tinyurl.com/jvylncx
- The Centre for Social Justice is a right-of-centre think tank that publishes research and new social policy thinking. 'Future Finance: A new approach to financial capability' (2015) explores both debt and savings, with a focus on better market solutions. It can be found here: www.centreforsocialjustice.org.uk/publications
- The Institute for Public Policy Research (IPPR) developed policy thinking on saving for lower income families and for young people. A report on an innovative savings account entitled 'Designing a life-course savings account: how to help low-to-middle income families to save more' (2011) can be found here: www.tinyurl.com/zfsb3s4. A report specifically on the savings challenge for young people entitled 'Young people and savings: A route to improved financial resilience' can be found here: www.tinyurl.com/zfsb3s4
- The Joseph Rowntree Foundation publishes a wide range of research on the household finances and challenges of lower-income households. Their recent report - Falling short: the experiences of families living below the Minimum Income Standard, 2016 – is informative. It can be found here: www.jrf.org.uk/life-low-income-uk-today
- The Social Market Foundation is a centrist think tank focusing on market solutions to social policy challenges. 'Savings in the Balance' (2014) discusses issues such as trust and the perception of risk, particularly regarding longer-term saving. It can be downloaded here: www.tinyurl.com/ztkdxm5
- Under the last Labour Government, the Treasury commissioned an academic review of evidence on savings in lower-income households, including evidence on the benefits of saving. 'Saving in Lower-income Households: A Review of the Evidence', London: Her Majesty's Treasury' (2009) can be found here: www.tinyurl.com/hkswtkp

- Stepchange have produced an in-depth analysis of the state of the savings challenge for low-income households in their Discussion Paper, 'Becoming a nation of savers: Keeping families out of debt by helping them prepare for a rainy day'. It can be downloaded here: www.tinyurl.com/omly256. See also a recent briefing issued extending this work entitled 'Becoming a nation of savers: Boosting lower income savings', September 2016, www.tinyurl.com/zukm4cy
- The Fairbanking Foundation has produced a number of reports on ways to increase the quality and availability of financial services for lower-income households. Its 2013 report, 'Fairbanking Ratings: Reaching for the Stars', can be found here: www.tinyurl.com/jyx8ewy
- The Money Advice Service (MAS) has produced a comprehensive survey of financial capability in the UK. The 2015 Financial Capability Survey can be found here: www.tinyurl.com/huvqhyh. Additionally, MAS has produced an in-depth segmentation analysis of the needs and expectations and different types of savers over the life-course. It can be found here: www.tinyurl.com/hpf2y4b along with other analysis on the Financial Capability Survey results.

Research and campaign organisations

Our list of key reports is not exhaustive. The following organisations also provide a useful starting point for further information on the issues raised in this Savings Manifesto:

- Association of British Credit Unions Limited (ABCUL) www.abcul.org/home
- Personal Finance Research Centre, University of Bristol www.bristol.ac.uk/geography/research/pfrc/about
- Stepchange, Debt Charity www.stepchange.org
- The Fairbanking Foundation www.fairbanking.org.uk
- The Financial Inclusion Commission www.financialinclusioncommission.org.uk
- The Money Advice Service www.moneyadvice.service.org.uk/en
- The Poverty Site: Poverty Indicators: www.poverty.org.uk/summary/income%20intro.shtml
- The Resolution Foundation www.resolutionfoundation.org/publications/living-standards-2016
- The Savings Champion www.savingschampion.co.uk

APPENDIX 2:

SAVINGS SUMMIT ATTENDEES (BY ORGANISATION)

Action for Blind People

Advance Credit Union Ltd

Barrow Cadbury Trust

Birmingham City Council

Castle Vale Tenants and Residents Alliance

Citysave Credit Union Ltd

Coventry University

Epic Housing

Financial Inclusion Support

Housing and Care 21

Low Incomes Tax Reform Group

Midland Heart Housing Association

Moneyline

NACRO

Nottingham City Homes

Stepchange

The Money Advice Service

The Money Charity

The Open University

Toynbee Hall

Personal Finance Research Centre - University of Bristol

University of Lincoln

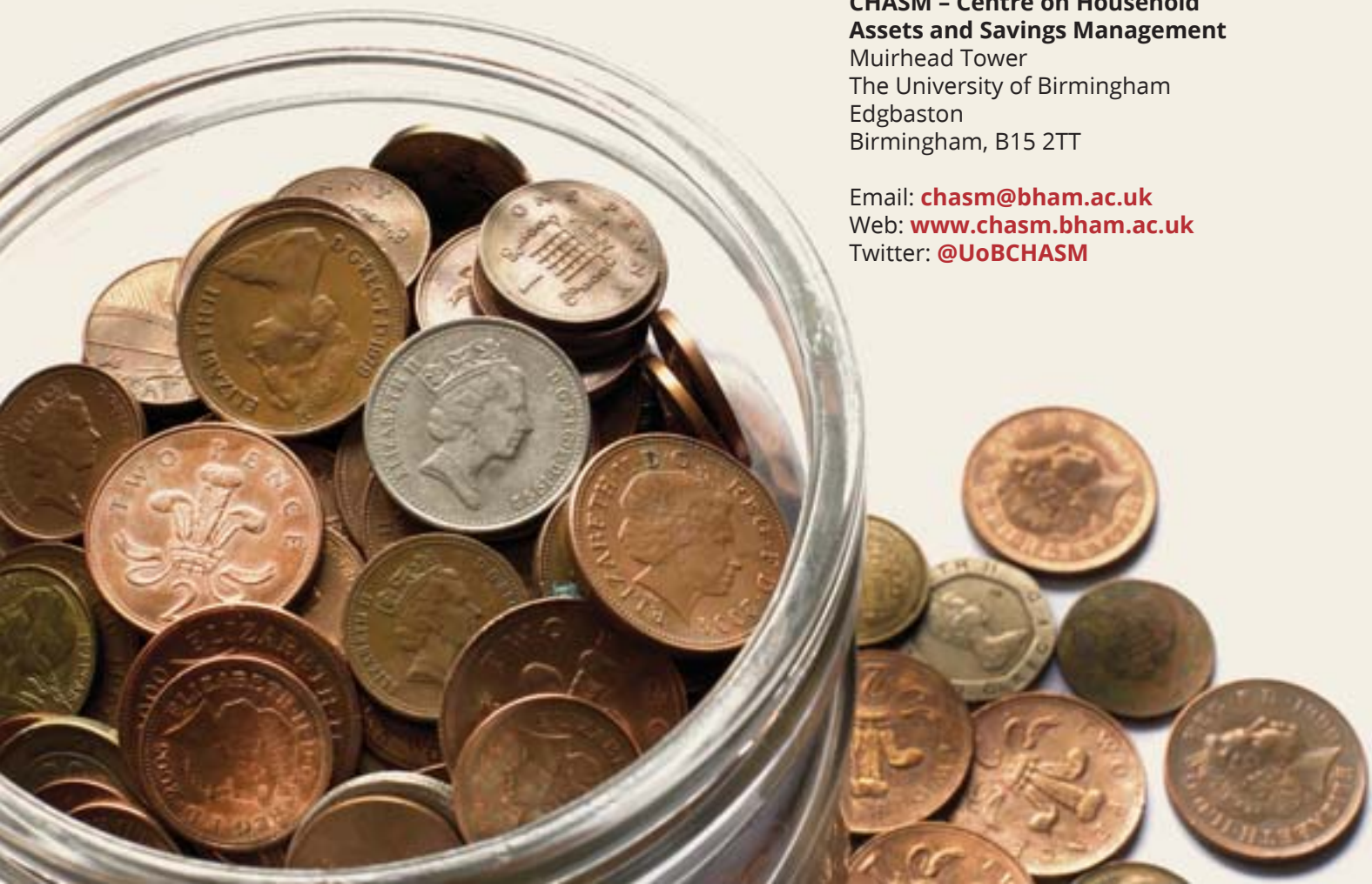
Walsall Housing Group



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