

Financial Inclusion Roundtable

16th October 2018 - Summary of Discussion

Why does this matter now?

Financial exclusion, debt and poverty have always been with us, but something has changed. Everyday people are anxious about what is happening, and are concerned that financial institutions, businesses and government are not tackling the issue.

The average mortgage is out of reach of the average person: 17 million people don't have enough savings to cope with minor unexpected events; people are living longer and saving less; consumer lifestyle expectations continue to drive debt upward, people are being encouraged to cash out their retirement savings. Issues arising from money worries contributing to mental health problems and lower productivity.

What are the key issues?

There are several key issues at play, and they affect different demographics and have different solutions:

- People simply not having enough money
- People knowing how to manage your money
- Lack of education. We need to teach subjects (e.g. responsible consumerism, financial terminology and concepts), and fundamentals ('needs vs wants.') This must be situation-led: there are key points in a person's life where different advice is needed.
- People knowing how to make their money work for them. Advice needs to be accessible to people both with financial knowledge and without, and physically accessible e.g. digitally.
- 'Regressive' financial products: more expensive or more difficult for people to who have less.
- Needing an environment that is conducive to having a conversation about money.

What is holding us back?

There is a lack of unanimity and communication around financial inclusion. Talking about financial problems or being uninformed is treated as embarrassing or taboo, and the negative language used around financial issues (i.e. 'fault') makes this worse. We need to establish what can be done and whose responsibility it is. We also need a good definition of what we mean by 'financial inclusion': there is a important distinction to between financial wellbeing, ex/inclusion and capability. While financial wellbeing might be an employer issues, financial ex/inclusion is a societal and/or governmental issue.

There is a lot of conversation that does not lead to practical action, and a lack of coordinated response.

What needs to be done next?

Fixing financial inclusion would address so many of the big policy challenges Britain faces today, including physical and mental health, productivity, family stability and diversity are all impacted. There has been too much talk, but our actions have ended up being piecemeal and ineffectual. To breakthrough we identified four things that need to happen:

- We need to focus on specific impact areas
- We need to collaborate across business and civic society
- We need to capture the innovation that is already happening, join the dots and leverage our resources.
- We need to build a movement for change, a programme that delivers.

Approach

Starting with the themes that emerged from the roundtable, we are launching a programme of work on Financial Inclusion. We have a four step approach: Issue framing, Interaction, Innovation and Impact. Over the next year we want to develop inspiring, innovative and practical recommendations that will make a difference to the challenge of financial inclusion, and demonstrate that business can be a force for good in society.

Issue Framing



Steering Group: A financial inclusion alliance

We will form a steering group of key business leaders who are committed to address the blight of financial exclusion in the UK. We will launch an innovative programme of work in a press statement at the end of November. Tomorrow's Company research will support the Steering Group through the provision of background analysis, enabling leaders the space to think differently.

Interaction



Tomorrow's Leaders Developing impact projects

The steering group will identify and nominate a body of future leaders from within their own organisations to work with us, and come finance and industry who will come together with other civic society leaders and social innovators. This will be supported by Tomorrow's Company research and facilitation experience, and a wider network of leadership development professionals.

Innovation



Developing and elevating insights

This body will, through a series of workshops, innovation labs and collaboration events, develop inspiring and practical recommendations that will make a material difference to the challenges of financial inclusion in the UK. The insights developed through this project work will build into a substantive report published by Tomorrow's Company. The contributions and case studies by each of the members of the Steering Group will be prominently featured in the report.

Impact



Financial Inclusion Summit

The individual projects and report recommendations will be presented at a Summit of Leaders from Financial Services, Industry and Civic Society. We will share 'next practice' and seek to establish a Cross-Industry Foundation to further develop and support the implementation of ideas we have jointly developed. This and the report will stimulate a different dialogue in the wider financial, governmental and civic system.

Key Impact and Outcomes

- Organisations who join will form the Financial Inclusion Alliance and be seen to be leading on this critical issue.
- Future leaders from your organisation will develop the skills required to engage on and lead complex business and social agendas.
- We will issue a high-impact report which will influence decision makers in business and government.
- The alliance will lead a Financial Inclusion Summit to mobilise support for shaping a new financial inclusion settlement.