UK's Leading Financial Capability Charity Back from the Brink

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The Money Charity is delighted to announce that, due to the overwhelming support it has received since its announcement, it has been able to reverse its planned closure. But it warns that government, industry, and the Money Advice Service (MAS) must act to secure the long-term future of the financial capability sector.

Since communicating its board's decision to close the charity due to lack of funds, the financial capability charity has been greatly encouraged by the messages and offers of support from industry and the third sector. As a result it is extremely pleased to have been able to reach an agreement with its funders that guarantees its existence for at least the next three years.

But there is much more to do, and the charity is calling on all prospective funders to help it extend its reach and develop new products and services.

Since 2010, the charity has delivered free, interactive financial education workshops to over 115,000 young people in schools across the UK, and its Student Moneymanual has reached over half a million students this year alone. It has also developed innovative workshops to help adults feel positive about and stay on top of their money. As well as this it publishes its widely-used Money Statistics, and works with the industry to improve practices and outcomes for consumers.

All of this valuable work would have been lost had the charity closed, but all is in need of greater and more secure funding to develop and meet demand. In particular, the charity is still looking for a new funder for its unique Student Moneymanual and for further funding for its schools and adult work.

At present there is no funding from central government or the MAS for financial education for individuals of any age – despite the topic's inclusion in the national curriculum and MAS's statutory objective of enhancing the financial capability of the UK. Recent developments have done little to secure the wider financial capability sector's future:

- MAS's own financial capability strategy for the UK, which was updated last week, makes little reference to funding for third-sector organisations beyond arranging 'funders' summits'.
- The recent independent review of MAS, led by Christine Farnish, does not suggest anything beyond 'pump-priming' for initiatives that fill gaps in current provision. It does not make any recommendations to secure the future of existing provision, whether in schools or for adults, and recommends halving MAS's money advice budget.
- MAS's business plan for 2015/16 includes an £8.9m cut to its money advice budget to fund greater debt advice provision.

Rather than cutting the money advice budget or using it to fund further debt advice, this money should be re-allocated to enable third-sector organisations to deliver financial capability interventions that improve people's attitudes, motivation, and ability to stay on top of their money, and help to prevent problem debt in the first place. Less than 1% of MAS's current annual budget would cover The Money Charity's running costs.

Additionally, neither the Strategy, which has been two and a half years in the making, nor the Farnish review set out a coherent vision to improve the financial capability of the UK. Neither make proposals that are likely to reach those who are the least engaged with their money – so will not use a website or financial helpline to make decisions about products.

Michelle Highman, Chief Executive of The Money Charity, said:

"We're extremely grateful to our funders for coming to the rescue, and for the messages of support we have received from stakeholders across industry and the third sector over the last few weeks.

"This clearly shows the value of our work and the regard in which it's held, and has been hugely heartening.

"But it should never have come to this. The future of a diverse third sector delivering financial capability initiatives should not be down to simple generosity, and without sustainable, long-term funding this will

only represent a stay of execution.

"This should be a wake-up call for MAS – and politicians from all parties who champion financial education in words but not in deed.

"As all stakeholders reflect on both MAS's strategy for the financial capability of the UK and the Farnish report, we hope they they will realise that securing the future of the financial capability sector is essential.

"We will continue to call for sustainable, long-term funding for financial capability, and we look forward to working with MAS, industry, the third sector and central government to make this happen. We will also continue our work to improve people's understanding and knowledge of financial matters and their ability to stay on top of their money."

Notes to editors

The Money Charity is the UK's leading financial capability charity. We believe that being on top of your money means you are more in control of your life, your finances and your debts, reducing stress and hardship. And that being on top of your money increases your wellbeing, helps you achieve your goals and live a happier more positive life as a result.

We do this by:

- Developing and delivering products and services which provide education, information and advice on money matters, in an appropriate way for young people and adults;
- Working with all parts of the financial services industry to improve practice and outcomes for their consumers; and
- Influencing and informing policymakers, the media, the industry and public attitudes to support our vision, purpose and delivery.

Financial capability is the ability to stay on top of your money throughout life – and financial education, whether in schools or for adults, is one way of achieving this.

The Money Charity is registered with the Charity Commission as a charity in England and Wales, number 1106941. A company limited by guarantee, incorporated under the Companies Act 1985, and registered in England and Wales, number 5244075. Registered Office: 15 Prescott Place, London, SW4 6BS

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