

Y Pwyllgor Cymunedau, Cydraddoldeb a Llywodraeth Leol  
Communities, Equality and Local Government Committee  
CELG(4)-03-16 Papur 3 / Paper 3

**BETHAN JENKINS AC / AM**

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Christine Chapman AM  
Chair, Communities, Equality and Local Government Committee  
National Assembly for Wales

January 19, 2016

REF: BJDH-CC-FIS-19-01-16

Dear Christine,

**Financial inclusion strategy**

You have asked for my views on the above refreshed strategy, and how it ties in with the policy objectives of my Financial Education & Inclusion (Wales) Bill.

I am laying out below the issues I raised in a letter to the Minister for Communities and Tackling Poverty in October last year. I should stress, before moving onto those points, that I have since met with the minister's officials and that the refresh remains a piece of work very much still in development – that is, they have the refresh in place but the action plan for implementing it – all important when considering outcomes has yet to be delivered.

This concerns I raised were threefold:

1. The accountability and effectiveness of the proposals;
2. The absence of an action plan;
3. The content of the proposals.

The first concern is perhaps the most important. As the proposals were presented, I struggled to see how this was an improvement on what is already in existence and, without robust accountability built into the process, I envisaged financial inclusion returning to this very same point in five-to-ten years' time.

My proposal here was to expand the remit of the Financial Inclusion Development Group (FIDG) from its current role of merely monitoring developments, to being responsible for the delivery of the strategy. I told the minister that this can be most effectively provided through an annual report on the progress of the new strategy, authored by FIDG and presented to the Assembly by any future Minister. This would allow a public discussion of financial inclusion at least once a year, as well as being able to measure whether the strategy is meeting its purpose. It would be odd - to put it mildly - if the Welsh Government were to introduce a strategy with no effective means of charting its effectiveness.

Secondly, I could not understand how the current document went out for consultation when it contained not one single, demonstrable action in exactly how this strategy would be delivered. I subsequently discovered that an action plan is to follow, which I found odd. Surely an action plan should be contained within the strategy? At present we have no clear idea of how the strategy's success (or otherwise) will be measured.

I took the draft strategy's commitments one-by-one, with my comments beneath. But I must say that good intent is undeniable here. I very much welcome that. What I think is lacking is a clear route from where we are to where we want to be on financial inclusion in Wales.

### ***Access to Affordable Credit and Financial Services***

**Commitment:** Welsh Government and Department for Work and Pensions to work with Wales Job Centre Plus to consider options for signposting Universal Credit claimants to credit unions offering rent or budgeting (jam jar) accounts where appropriate.

- *Need to know whether this has buy-in from DWP (and Wales Job Centre Plus), and what those options are? How will those options be translated into*

*actions? Will time frames be attached to them or targets, and how will they be scrutinised?*

**Commitment:** Welsh Government will work with key partners to ensure everyone has access to a transactional account, with people supported and encouraged to make an informed choice of an appropriate account for their circumstances and to make full use of their account.

- *Who are the key partners? What form will the support take? How will you ensure take-up? How will this commitment be measured? How do you think “encouraging ... an informed choice of an appropriate account” is going to work effectively? Time scales for introduction?*

**Commitment:** Welsh Government will work with key partners and the Link network to ensure those areas identified as being a priority for free to use cash machines are looked at as a matter of urgency.

- *This appears to me to be beyond the remit of what is possible, given that the National Assembly has no competence for financial services and that the Link network is commercially-run. Therefore they are not obliged to provide free-to-use machines, should it choose not to. Given the urgency, what are the time frames for achieving this commitment?*

**Commitment:** Welsh Government will work with the credit union sector, and other providers of affordable credit, to consider options for improving access to affordable short-term credit / money, on an all Wales basis. Part of this will ensure information is provided to ensure a greater understanding of the ways to access credit and their comparable costs.

- *I met with many credit union staff during the research I conducted for my Bill, and what came over – quite strongly – was that there is a difference in what the Welsh Government believes credit unions can deliver, and what they are really capable of. This requires far more explanation – again in terms of how this commitment will be organised, when it will be introduced, and how it will be measured.*

**Commitment:** Welsh Government will work with partners to develop and strengthen the signposting provided to Discretionary Assistance Fund applicants to help meet their wider financial needs, and to increase the number of partners who are working with their clients and supporting them to apply to the Discretionary Assistance Fund.

- *Are you satisfied that the strategy conclusively makes the case that it is signposting that is the answer to any lack of take-up? Requires time frames and means for measuring effectiveness.*

**Commitment:** Welsh Government will work with the credit union sector to further encourage the take up of Payroll Deduction (or through direct debits) across the public and private sectors

- *See my comments above. Does the Welsh Government have an assurance from all Welsh credit unions that this can be delivered? If so, by when, and how will it be scrutinised?*

**Commitment:** Local Authorities, Credit Unions and Housing Associations should encourage clients and tenants to have appropriate insurance cover for themselves and their possessions, and consider the provision of competitively priced products.

- *There doesn't appear to be any commitment from the Welsh Government here. Could there not instead be a duty, wider in its remit, particularly where local authorities are concerned, along the lines of what was proposed in my Bill? At present, this feels like a case of leading a horse to water but then not bothering to see whether it's taken a drink.*

### ***Access to Financial Information, including Debt Advice***

**Commitment:** Welsh Government will work with partners to develop the Money Made Clear web-site to ensure it continues to provide information on what support is available to those who most need it. In addition, given not all people will access the internet, we will work with appropriate partners to consider what further join up and awareness raising needs to be done in this area.

- *For those people not online, could your government leverage its support to advice networks to compel them to utilise this resource? Are there time frames and measurement for this point?*

**Commitment** – Welsh Government and partner organisations to ensure equitable access to advice services according to need, and to publicise trusted online resources and availability of quality assured and accredited information and advice services through relevant websites, newsletters, events and other promotional opportunities

- *Will the action plan contain details of how this will work? Requires time frames and means for measuring effectiveness. How will you define 'trusted' online resources? How will you identify and use trusted intermediaries who will provide the social proof that we know consumers look for? Will you refuse to work with organisations if they do not sign up to the sentiments of the financial inclusion strategy?*

**Commitment:** Welsh Government and partner organisations will use evidence and best practice examples to understand impact of other policies and practices on financial inclusion and effect policy changes where they have responsibility or influence change where leverage can be achieved.

- *Not a commitment. Cannot be measured, either.*

**Commitment:** Welsh Government and partners to produce a directory for information and advice services and develop plans to ensure content is accurate, accessible and up-to-date.

- *How will this be publicised? Requires time frames and means for measuring effectiveness.*

**Commitment:** Welsh Government will only extend financial support for quality assured information and advice provision and will encourage partner organisations to adopt the same policy.

- *Welcomed, but requires time frames and means for measuring effectiveness.*

**Commitment:** partner organisations to identify and train front line staff who can provide signposting services and ensure they have access to the most up-to-date information on advice services in their areas and links to appropriate online resources

- *Welcomed, since this proposal was included in the Bill. However, the refresh should refer to the Bill for ideas on how to make this more robust, and measureable. Need time frames for introduction.*

**Commitment:** Welsh Government will work with its own, and partners' programmes, which support people into employment to ensure the barriers financial exclusion present to entering employment, are addressed.

- *Requires time frames and means for measuring effectiveness.*

### ***Building Financial Understanding and Capability***

**Commitment:** Welsh Government, through a revised Financial Inclusion Development Group, will support MAS Wales to take forward proposed actions in the MAS Financial Capability Strategy for Wales which contribute to the commitments of this Financial Inclusion Strategy.

- *This needs considerable clarification. What will a "revised" FIDG look like? What will be its responsibilities? Who will it report to? Will it be appointed to? Who would do that?*
- *There also needs to be a clear distinction between what the Welsh Government and what MAS Wales will be responsible for delivering. This is extremely important. What exactly will MAS Wales be doing? Is it shaping strategy or merely delivering it? What kind of oversight will there be? What is the reporting process? What are the timelines for delivery?*

**Commitment:** Welsh Government will ensure appropriate links between promoting digital inclusion and financial inclusion are included in the refresh of the combined Delivery Digital Inclusion Strategic Framework and taken forward through the Digital Inclusion Delivery Plan.

- *Welcomed. How will this be measured and when will it be introduced?*

**Commitment:** Welsh Government will ensure effective implementation of the new mathematics GCSEs, the Welsh Baccalaureate and the revised mathematics programme of study across all maintained education settings in Wales, supported by the New Deal for the Education Workforce.

- *A commitment through primary legislation to providing financial education – a core life skill – would give the education system the flexibility to provide opportunities for families to learn about money together. Given the overwhelming evidence not only that financial behaviour is largely learned from parents, but that pupils given financial education are able to “trickle up” that knowledge, this would have benefitted from a holistic, decisive solution. How will the Welsh Government demonstrate that this commitment will be adhered to, and by when?*

**Commitment:** Through the Minister for Education and Skills remit to ESTYN, they will be charged with reviewing the teaching and learning of financial education in Wales.

- *Welcomed. But I would like to see this strengthened to reflect the nature of the discussions we had when we negotiated my Private Members Bill- that there would be 3 yearly thematic reviews. These should also be reported to the Assembly.*

**Commitment:** Welsh Government and partners will work to encourage private sector organisations to sponsor corporate social responsibility (responsible business practice) projects relating to financial education / capability.

- *How will this work? How will it be measured and when will it be introduced?*

**Commitment:** Welsh Government will work with and support partner organisations to promote and encourage financial capability initiatives targeted at parents, families, children and young people, including through informal and peer-to-peer interventions.

- *This would benefit from far stronger, top-down direction from the Welsh Government, with duties imposed on local authorities. There are a lot of very good financial capability initiatives, but without greater co-ordination, this runs*

*the risk of being delivered unevenly, paving the way for “postcode lottery” services. A clearly-defined and agreed standard, together with measurable targets and timelines would give this commitment far greater punch.*

**Commitment:** Welsh Government will work with partners to promote the use of examples of not spending more than necessary as a means to engage people in digital inclusion initiatives.

- *Not really sure what this means. Is this aimed at curbing online and smartphone gambling? That would be welcome, but recognise the difficulties when this lies outside the competence of the Assembly. What exactly would be promoted, how would it be measured, and when would it be introduced.*

When I was drawn to take forward private members’ legislation, I chose the improving of financial capability directly as a result of my experiences working for my constituents. It was drawn up with the express intention of helping to bring about a Wales where school leavers were renowned for their financial education and where the population as a whole was far more financially capable. In order to achieve that, we drew up outcomes – measurable outcomes – to ensure that the process wasn’t in vain. I was – and remain – of the opinion that this issue is far too important for us to fail.

Much of this letter is a variation of the correspondence I sent to the Minister.

Kind Regards,

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