



**Cynulliad Cenedlaethol Cymru  
The National Assembly for Wales**

**Y Pwyllgor Diwylliant a Chymunedau  
The Communities and Culture Committee**

**Dydd Iau, 10 Mehefin 2010  
Thursday, 10 June 2010**

**Cynnwys**  
**Contents**

- 3 Cyflwyniad, Ymddiheuriadau a Dirprwyon  
Introduction, Apologies and Substitutions
- 4 Ymchwiliad i Gynhwysiant Ariannol ac Effaith Addysg Ariannol—Casglu  
Tystiolaeth—Cartrefi Cymunedol Cymru  
Inquiry into Financial Inclusion and the Impact of Financial Education—Evidence  
Gathering—Community Housing Cymru
- 16 Ymchwiliad i Gynhwysiant Ariannol ac Effaith Addysg Ariannol—Casglu Tystiolaeth:  
Fforwm Gallu Ariannol Canolbarth, De a Gorllewin Cymru  
Inquiry into Financial Inclusion and the Impact of Financial Education—Evidence  
Gathering: Mid, South and West Wales Financial Capability Forum
- 23 Cynnig Trefniadol  
Procedural Motion

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal,  
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.  
In addition, an English translation of Welsh speeches is included.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

Mohammad Asghar	Ceidwadwyr Cymreig Welsh Conservatives
Rosemary Butler	Llafur (yn dirprwyo ar ran Alun Davies) Labour (substitute for Alun Davies)
Eleanor Burnham	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Mark Isherwood	Ceidwadwyr Cymreig Welsh Conservatives
Bethan Jenkins	Plaid Cymru The Party of Wales
David Lloyd	Plaid Cymru The Party of Wales
Sandy Mewies	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Joyce Watson	Llafur Labour

**Eraill yn bresennol**  
**Others in attendance**

Nick Bennett	Prif Swyddog Gweithredol, Cartrefi Cymunedol Cymru Chief Executive Officer, Community Housing Cymru
Bethan Collins	Swyddog Cysylltiadau Cyhoeddus yng Nghymru, Cyngor ar Bopeth Public Affairs Officer Wales, Citizens Advice
Fran Targett	Cyfarwyddwr, Cymru, Cyngor ar Bopeth Director, Wales, Citizens Advice
Clare Williams	Swyddog Cynhwysiant Ariannol, Cartrefi Cymunedol Cymru Financial Inclusion Officer, Community Housing Cymru
Jayne Wynn	Rheolwr Gallu Ariannol Canolfan Cyngor ar Bopeth Powys, Fforwm Gallu Ariannol Canolbarth, De a Gorllewin Cymru Financial Capability Manager for Powys Citizens Advice Bureau, Mid, South and West Wales Financial Capability Forum

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**  
**National Assembly for Wales officials in attendance**

Sarah Bartlett	Clerc Clerk
Claire Morris	Dirprwy Glerc Deputy Clerk

*Dechreuodd y cyfarfod am 12.42 p.m.*  
*The meeting began at 12.42 p.m.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon**  
**Introduction, Apologies and Substitutions**

[1] **Sandy Mewies:** Good afternoon, everybody. Welcome to this meeting of the Communities and Culture Committee today. First, please turn off anything that will make a

noise during the meeting, such as mobile phones and BlackBerrys, because they can interfere with the sound equipment. If you hear an alarm, it is an emergency. There are no tests scheduled for today.

[2] Do Members have any relevant declarations of interest under Standing Order No. 31.6? I see that there are none.

[3] We have received apologies today from Lynne Neagle AM and Alun Davies AM. I welcome Rosemary here today. She is substituting for Alun Davies and, I think, is likely to be with us until at least the summer recess. I hope that that is the case, certainly. I thank Joyce for chairing the last meeting when I could not be here, and also Mohammad Asghar and Alun Davies, who is not here, for attending the workplace-based financial education seminar on 2 June. I understand that a note of your visit is currently being prepared.

12.43 p.m.

**Ymchwiliad i Gynhwysiant Ariannol ac Effaith Addysg Ariannol—Casglu  
Tystiolaeth—Cartrefi Cymunedol Cymru  
Inquiry into Financial Inclusion and the Impact of Financial Education—  
Evidence Gathering—Community Housing Cymru**

[4] **Sandy Mewies:** I welcome our two guests: Nick Bennett, the chief executive officer of Community Housing Cymru, and Clare Williams, the financial inclusion officer. This is the third meeting in which we have been gathering oral evidence for our inquiry into financial inclusion. Thank you very much for the paper. Everyone will have read it, and so I ask you to make a short introduction and then I will ask Members to ask questions.

[5] **Mr Bennett:** Yr wyf yn falch o gael y gwahoddiad i fod yma y prynhawn yma.

**Mr Bennett:** I am pleased to have the invitation to be here this afternoon.

[6] Mae'n amlwg bod cynhwysiant ariannol yn fater difrifol iawn mewn cymunedau ledled Cymru ar hyn o bryd. Gwyddom fod mwy na 200,000 o bobl yng Nghymru sydd heb gyfrifon banc, bod mwy na 150,000 o bobl yn benthg arian ar stepen y drws ac maent fel arfer yn talu cyfradd llog o 270 y cant o leiaf. Mae hynny'n golygu y byddai'n rhaid iddynt dalu £70 am bob £100 y maent yn cael ei fenthg mewn blwyddyn. Mae o leiaf 15,000 o bobl ar ben hynny sy'n benthg gan y 'siarcod benthg', sef pobl sy'n gallu codi unrhyw beth ac sy'n benthg arian yn anghyfreithlon.

It is obvious that financial inclusion is a serious issue in communities throughout Wales at the moment. We know that there are more than 200,000 people in Wales without bank accounts, and that there are more than 150,000 people borrowing on the doorstep in Wales, who usually pay an interest rate of at least 270 per cent. That means that they would have to pay £70 for every £100 that they borrow in a year. There are at least 15,000 people on top of that who are borrowing from loan sharks, namely people who can charge anything, who are lending money illegally.

[7] Gwyddom fod hynny'n cael effaith fawr ar fywydau ein tenantiaid. Mae'r papur yn mynd i fwy o fanylder am hynny ond, yn y pen draw, credwn y gallem wneud nifer o bethau i wella'r sefyllfa. Mae hynny'n cynnwys hybu'r undebau credyd, ymestyn addysg a chyngor ariannol i denantiaid, a hefyd arloesi drwy gynnig gwasanaethau newydd. Yr ydym yn falch iawn o'r peilot yr

We know that that has a huge impact on the lives of our tenants. Our paper goes into more detail about that but, at the end of the day, we think that there are many things that we could do to improve the situation. That includes promoting credit unions, extending financial education and advice to tenants, but also innovating by offering new services. We are very proud of the pilot project that we have

ydym wedi cychwyn yn ne-ddwyrain Cymru, gan gynnwys Caerdydd, Casnewydd, Pen-y-bont ar Ogwr, ac ardaloedd yn y Cymoedd. Moneyline Cymru yw enw'r prosiect, ac mae'n ceisio cynnig arian i bobl yn y farchnad sy'n bodoli, o'r undebau credyd ar y naill llaw i'r sawl sy'n benthyca ar stepen y drws ar y llaw arall. Hyd yn hyn, yr ydym wedi rhoi benthyg mwy na £1 filiwn ac wedi arbed o leiaf £1 filiwn drwy'r arian y mae'r tenantiaid ac eraill wedi'i dalu'n ôl i bobl sy'n benthyca ar stepen y drws.

started in south-east Wales, covering Cardiff, Newport, Bridgend, and areas in the Valleys. Moneyline Cymru is the name of the pilot project, and it seeks to offer money to people in the market that already exists, ranging from the credit unions on the one hand and those who lend on the doorstep on the other hand. So far, we have lent more than £1 million and have saved at least £1 million through the money that tenants and other people have paid back to people who lend on the doorstep.

[8] Drwy arloesi, rhaid inni sicrhau ein bod yn plethu gwasanaethau ac yn targedu pobl i sicrhau eu bod yn cael y cyngor y mae wir ei angen arnynt. Yr ydym wedi datblygu Moneyline heb gymorth uniongyrchol gan Lywodraeth y Cynulliad, ond yr ydym yn hapus iawn i weithio mewn partneriaeth â hi, ac yr ydym yn ddiolchgar iawn am yr arian yr ydym wedi'i gael i ddatblygu gwasanaethau cynhwysiant ariannol. Mae hynny'n cynnwys cyflogi Clare yn ystod y tair blynedd diwethaf. Clare yw pencampwr cynhwysiant ariannol y sector, ac yr ydym yn hapus iawn gyda'r gwaith yr ydym wedi'i wneud dros y ddwy neu dair blynedd diwethaf. Wrth gwrs, mae'n her fawr, ac yr ydym yn derbyn bod llawer mwy i'w wneud.

Through innovation, we have to ensure that we integrate services and target people to ensure that they get the advice that they genuinely need. We have developed Moneyline without direct support from the Assembly Government, but we are very happy to work in partnership with it and we are very grateful for the money that we have received for the development of financial inclusion services. That includes employing Clare during the past three years. Clare is the financial inclusion champion for the sector, and we are very happy with the work that we have done over the past two to three years. Of course, there remains a huge challenge, and we accept that a lot more remains to be done.

[9] **Sandy Mewies:** Clare, do you have anything to add?

[10] **Ms Williams:** No, I do not think so. That is the introduction, so we would be happy to take questions now.

[11] **Sandy Mewies:** In that case, we will move on to questions. The first question is from me. In one way, it is a very simple question but, in another, very difficult. How would you define financial inclusion?

[12] **Mr Bennett:** I have never worried too much about its definition. You could say that it is like the elephant on the doorstep: that is, you know when there is an elephant on your doorstep. Those individuals who are excluded know what it feels like if a bank has no interest whatsoever in serving that decile or quartile of society who really want emergency credit, quite often. These are often single parents who need a loan for things that most people would take for granted, such as children's clothes or an item of household equipment that has broken down suddenly. Those are usually the type of loans that are taken out from doorstep lenders.

[13] I guess that my definition of financial exclusion would be any individual in Wales who cannot access the mainstream banking services that most of us around this table would expect to be able to receive on a day-to-day basis.

[14] **Sandy Mewies:** How good are we in Wales at developing the skills of people who are financially excluded, to help them to make informed, confident choices about what they do?

[15] **Ms Williams:** Following on from what Nick said about financial exclusion, I think that anybody can be financially excluded at any time, including any one of us around this table, but I think that what you are talking about is financial capability, which is important. We can all go through times in our lives when we are financially excluded but, if we are financially capable and we have the education to weather that, we can come out the other side. I think that the problem with a lot of financially excluded people is that they do not have the financial capability to come out the other side, and that can lead to homelessness or to paying extortionate rates to doorstep lenders or illegal moneylenders. So, I think that the definition of financial exclusion is correct but I think that sometimes we assume that it refers only to people such as our client group, namely social housing tenants.

12.50 p.m.

[16] **David Lloyd:** Yn naturiol, mae eich papur yn canolbwyntio ar denantiaid sy'n byw mewn tai cymdeithasol, a'r ffaith eu bod yn fwy tebygol o wynebu problemau o ran cynhwysiant ariannol. Pa rôl y gall landlordiaid cymdeithasol ei chwarae mewn cynhwysiant ariannol? A fedrant wynebu'r her o ran sgiliau eu staff, a hyfforddi tenantiaid i ymdopi â'r sefyllfa—yn enwedig tenantiaid ifanc? Efallai y gallech ymhelaethu ar hynny.

**David Lloyd:** Naturally, your paper concentrates on tenants in social housing, and the fact that they are more likely to face problems with financial inclusion. What role can social landlords play in combating financial exclusion? With the skills that their staff have, are they up to the challenge of training tenants in how to deal with these situations, especially young tenants? Perhaps you could expand on that.

[17] **Mr Bennett:** Yr ateb byr yw eu bod yn barod i wynebu'r her. Gobeithiaf y gallwn brofi hynny drwy Moneyline Cymru, oherwydd ei fod wedi ennill gwobr Brydeinig yn ddiweddar iawn—Arwyr Tai. Mae mwy o gyflythreniad yn y Saesneg. Yr ydym yn falch iawn o hynny. Hoffwn ei ymestyn ledled Cymru, gyda chefnogaeth yr Adran Gwaith a Phensiynau, a, gobeithio, gyda chefnogaeth Llywodraeth y Cynulliad.

The brief answer is that they are up to the challenge and I hope that we can prove that through Moneyline Cymru, because that has won a British award very recently—Housing Heroes. There is more alliteration in the English name. We are very happy about that and we want to extend that throughout Wales with the support of the Department for Work and Pensions and, hopefully, the support of the Assembly Government.

[18] Mae her i bawb. Yn amlwg, hoffem chwarae rhan yn hyn oherwydd yr effaith y mae'n gallu ei chael ar y cymunedau lle mae ein tai wedi'u lleoli. Mae hefyd reswm busnes dros hwn hefyd, oherwydd os nad yw tenantiaid yn cael eu cynnwys yn ariannol, gallent golli eu tenantiaeth, sy'n creu mwy o broblemau o ran digartrefedd. Mae hefyd yn costio rhwng £4,000 a £5,000 bob tro y mae hynny'n digwydd. Felly, mae rhesymau da iawn o ran busnes cymdeithasol dros fuddsoddi yn hwn. Efallai yr hoffai Clare ychwanegu rhywbeth at hynny.

There is a challenge there for everyone. Clearly, we want to play a part in this because of the impact it can have on communities where our housing is based. There are also business reasons for this as well, because if tenants are financially excluded, they could lose their tenancy, which causes more problems with homelessness. It also costs the social landlord between £4,000 and £5,000 each time that happens. So, there are very good social business reasons for investing in this. Perhaps Clare would like to add to what I have said.

[19] **Ms Williams:** The sector has the skills to come together and create what is potentially the biggest financial inclusion project in Wales at the moment. However, landlords also need to prepare people for their tenancies. That is absolutely key. The resources need to be front-loaded, if you like. We have a problem with people going into arrears as soon as they

go into a property. We have particular problems with 16 to 25-year-old single tenancies. That is really where resources need to be targeted. That is, the preventative end and not the firefighting stage at the end, when organisations like Shelter are trying to fund possession proceedings.

[20] **David Lloyd:** Dyna oedd byrdwn fy nghwestiwn; yr oedd yn ymwneud â thenantiaid ifanc yn enwedig. Yr ydym yn derbyn llythyron yn aml gan etholwyr sy'n cael problemau ym maes tai, a thenantiaid ifanc ydynt gan amlaf. A fydd y system arwyr yn canolbwyntio ar bobl ifanc neu yn eu blaenoriaethu?

**David Lloyd:** That was the thrust of my question; it was especially about young tenants. We often receive letters from constituents who are having problems in relation to housing, and, more often than not, they are young tenants. So, will the hero system concentrate on, or prioritise, young people?

[21] **Mr Bennett:** Yn sicr, mae'r mwyafrif o bobl sydd wedi cael benthyciad hyd yn hyn yn bobl ifanc. Os yw person ifanc yn pryderu am fod angen arian arnynt, a'r unig berson sy'n cynnig arian ar y pryd yw rhywun ar stepen y drws sy'n gofyn am gyfradd llog o 270 y cant, byddai'n dda pe baem yn gallu cynnig benthyciadau fforddiadwy. Yn sicr, drwy Moneyline, maent yn derbyn cyngor ariannol. Mae pawb sy'n dod drwy'r drws yn cael cyngor ariannol. Mae hynny'n hollbwysig.

**Mr Bennett:** Certainly, the majority of those who have had loans so far have been young people. If a young person is in a panic because they need money and the only person that can give the money to them is someone on the doorstep who is going to demand 270 per cent in interest, then it is beneficial if we can give them affordable loans. Through Moneyline, they receive financial advice. Everyone who comes through the door gets financial advice. That is extremely important.

[22] Mae'n rhaid i ni sicrhau hefyd eu bod yn datblygu perthynas gydag undeb credyd. Dim ond 4 y cant o denantiaid cymdeithasol yng Nghymru sy'n aelodau o undeb credyd ar hyn o bryd. Yr ydym yn ceisio sicrhau llwybr. Felly, os daw rhywun drwy'r drws oherwydd bod angen arian arnynt yn syth, yr ydym yn ceisio sicrhau bod perthynas yn datblygu, eu bod yn cael cyngor dros gyfnod hirach fel eu bod yn gallu datblygu sgiliau ariannol, a hynny er mwyn sicrhau eu bod yn cynilo arian. Hyd yn hyn, yr ydym wedi agor mwy na 200 o gyfrifon cynilo drwy Moneyline. Felly, nid yw hwn yn bodoli er mwyn cystadlu gyda'r undebau credyd, ond mae'n eu helpu i dyfu.

We also need to ensure that they develop a relationship with a credit union. Only 4 per cent of social tenants in Wales are members of a credit union at the moment. We are trying to ensure that there is a pathway. Therefore, if someone comes through the door because they need money now, we try to ensure that a relationship develops, and that they get advice over the longer term so that they can develop their financial skills and also to ensure that they start to save money. Thus far we have opened over 200 savings accounts through Moneyline. Therefore, this does not exist to compete with the credit unions; it helps them to grow.

[23] **Sandy Mewies:** I want to add a point on that. I am sure that, in some properties, you provide tenancies for children who have come out of care—looked-after children. Do you find that, before they come to you, they are helped in any way? Many financial decisions have been taken for them in the past. Do they have any help to deal with this?

[24] **Ms Williams:** That is not really our area, to be honest. You are thinking of the aftercare for looked-after children. I have prior experience of that, and I know that many of our members do a lot around pre-tenancy work with younger people. RCT Homes, for example, does a lot of work with young people. I am not sure that it is specifically for looked-after children, but it certainly works with younger people. Obviously, the younger someone leaves home, no matter what their background, they are going to be more vulnerable.

[25] **Sandy Mewies:** That is fine; thank you. We will move on now.

[26] **Eleanor Burnham:** Yr ydych wedi rhoi enghreifftiau yn barod, ond a fedrwyh roi rwy o enghreifftiau o'ch gwaith ar ran cymdeithasau tai i ddatblygu strategaethau cynhwysiant ariannol er mwyn darparu addysg ariannol i'ch tenantiaid?

**Eleanor Burnham:** You have given some examples already, but can you give some more examples of work that you are doing on behalf of housing associations to develop financial inclusion strategies and to provide financial education to your tenants?

[27] **Mr Bennett:** Diolch am y cwestiwn hwnnw. Yr ydym yn falch bod y cymdeithasau yn datblygu strategaethau, ond, fel yr wyf yn siŵr yr ydych yn gweld o ddydd i ddydd, mae'r gair 'strategaeth' erbyn hyn yn cael ei ddefnyddio yn ormodol. Yr ydym yn ceisio canolbwyntio ar weithredu yn hytrach na datblygu strategaethau.

**Mr Bennett:** Thank you for that question, Eleanor. I would say that we are happy that the associations are developing strategies, but I am sure that as you are finding on a daily basis the word 'strategy' is perhaps overused these days. We are now trying to focus on action rather than developing those strategies.

[28] Mae rhai esiamplau yn y ddogfen, ac yr wyf yn siŵr y bydd Clare yn hapus i sôn am yr amryw bethau sy'n digwydd yn y sector ar hyn o bryd.

There are some examples in the document and I am sure that Clare will be happy to talk about the variety of things that are happening within the sector at the moment.

[29] **Ms Williams:** Yes. I think that since I started in post, the number of members with financial inclusion strategies has increased from maybe 10 to around 30. I am working on a one-to-one basis with members, sometimes to develop a new strategy, but more often now, really, to review an existing strategy that may have been written two or three years ago. Things have now moved on and there is more of a desire to mainstream it and get all sections of the organisation involved, whereas previously only one person may have been involved with writing a document. So, I thoroughly believe that social housing providers now, like housing associations, are taking that on board and are mainstreaming it throughout their processes.

[30] **Eleanor Burnham:** Given what the Chair was asking previously and what Nick has just said about preventative strategies for people who are coming out of care, would that be one area perhaps that you would be developing further?

[31] **Ms Williams:** It is certainly something that we could look at.

[32] **Mr Bennett:** I can understand the specific concern that you would have about vulnerable young people, but financial capability and financial inclusion are not mutually exclusive. I am sure that we all have—I certainly have—friends who are financially included, but whether they are financially capable is another issue. I am sure there are examples the other way round as well. This is a societal problem. There are, as I said, 200,000 people out there who currently do not get served by the mainstream banking sector. There are at least 150,000 people borrowing from doorstep lenders. We derived that figure before the onset of the credit crunch. It is now higher and the proportion of people going to loan sharks is higher as well. So, if we are thinking of discrete segments of the population, they are pretty big chunks of the population.

1.00 p.m.

[33] **Sandy Mewies:** The point that I was trying to tease out was that we have had anecdotal evidence about looked-after children. I wondered whether it was an issue that you



had come across.

[34] **Eleanor Burnham:** Pa mor ddibynnol yw'r mudiad cymdeithasau tai ar arian gan Lywodraeth Cymru ar gyfer gwaith sy'n ymwneud â chynhwysiant ariannol? Yn y cyfnod o gyfyngiadau ariannol sydd o'n blaenau, sut y byddwch yn gwneud pob peth?

**Eleanor Burnham:** How reliant is the housing association movement on Welsh Government funding for its financial inclusion work? During the time of financial restrictions that is ahead of us, how will you do everything?

[35] **Mr Bennett:** Yr esiampl orau y gallaf ei rhoi yw ein bod wedi gwneud llawer mwy gydag ychydig o gefnogaeth gan Lywodraeth y Cynulliad, a hynny drwy greu swydd Clare. Cawsom grant gan yr adran dai i wneud hynny, ryw dair blynedd yn ôl. Erbyn hyn, mae Clare wedi gweithio ar greu cynllun peilot, sef Moneyline Cymru, sydd â phum siop yn ne Cymru. Mae'r peilot hefyd wedi sicrhau mwy na £600,000 gan yr Adran Gwaith a Phensiynau. Yr ydym wedi perswadio cymdeithasau tai yn ne-ddwyrain Cymru i fuddsoddi £0.5 miliwn dros dair blynedd. Hefyd, mae corff o'r enw Social Finance Cyf. wedi creu bond cymdeithasol sy'n werth dros £1.5 miliwn. Y bond hwnnw sy'n creu'r cyfalaf ar gyfer benthyg arian i'r sawl sydd mewn angen. Mae'n talu taleb i fuddsoddwyr, felly mae unrhyw un sy'n buddsoddi yn y bond hwnnw yn cael 3 y cant yn ôl, ond maent yn gallu gwneud hynny oherwydd maent o blaid ethos yr hyn y mae'r bond yn ceisio ei gyflawni. Felly, mae hynny'n arloesol, ond yr ydym yn eithaf hyderus y gallem wneud mwy.

**Mr Bennett:** The best example I could give is that, after receiving a little support from the Assembly Government, we have done a lot more, by creating Clare's post. We received a grant from the housing department to do that about three years ago. Clare has worked on creating a pilot project, namely Moneyline Cymru, which has five shops in south Wales. The pilot has also secured more than £600,000 from the Department for Work and Pensions. We have persuaded housing associations in south-east Wales to invest £0.5 million over three years. Also, a body called Social Finance Ltd has set up a social bond that is worth over £1.5 million. That bond is what creates the capital for lending money to those in need. It pays a coupon to investors, so anyone who invests in that bond gets 3 per cent back, but they can do that because they are in favour of the ethos of what the bond seeks to do. So, that is innovative, but we are quite confident that we could do more.

[36] Yn y papur, yr ydym yn sôn am gynllun busnes sy'n ceisio sicrhau mwy na 2,000 o fenthyciadau yn ystod tair blynedd gyntaf y cynllun ac arbed dros £2.5 miliwn. Yr ydym wedi bod yn gweithredu ers naw mis ac, erbyn hyn, mae mwy na 1,000 o fenthyciadau wedi'u rhoi ac yr ydym yn sicr wedi arbed dros £1 filiwn. Mae'r rhan fwyaf o hynny wedi digwydd heb inni dderbyn arian yn uniongyrchol gan Lywodraeth y Cynulliad. Yn amlwg, cawsom arian ar y dechrau ac mae ychydig bach o ewyllys da yn gallu mynd yn bell iawn.

In the paper, we talk about a business plan that seeks to secure over 2,000 loans over the first three years of the scheme and to save over £2.5 million. We have been operating for nine months and, by now, over 1,000 loans have been given and we have certainly saved more than £1 million. Most of that has happened without direct funding from the Assembly Government. Of course, we were given some money at the outset and some goodwill can go a very long way.

[37] Rhaid i ni ymestyn hyn yn awr. Yr ydym yn ystyried cynnal cynllun peilot yn yr ardal wledig yn sir Benfro a sir Gaerfyrddin ac, os bydd hwnnw'n gweithio cystal â'r peilot yn ne-ddwyrain Cymru, hyderwn y gallwn wneud gwaith drwy'r canolbarth a

We have to extend this now. We are considering running a pilot in the rural areas of Pembrokeshire and Carmarthenshire, and if that works as well as the pilot in south-east Wales, we are confident that we could roll it out throughout mid and north Wales as well.

ledled y gogledd.

[38] **Mark Isherwood:** Good afternoon. Your paper details a number of barriers that housing associations face when seeking to engage with tenants in financial capability work—issues such as basic skills, the English language, pressure on tenants who have other commitments and so on. Could you expand on that? What are the problems and difficulties that you encounter?

[39] **Ms Williams:** Lots of them are cultural issues that seem to be very ingrained within communities. I think that home contents insurance and the issue of doorstep lenders are probably really good examples of that. The idea of doorstep lending is ingrained. We can never quite understand why, when somebody is being offered a cheaper alternative, they often do not take it. It is because it is what has been done for generations and generations and, of course, the convenience factor as well. Part of the reason why Provident charges 272.2 per cent is because it is an expensive service.

[40] If you take something like home contents insurance, there is very low take-up. All of our members are promoting it, but there is very low take-up. It is a very tough nut to crack and it is because a lot of people believe, 'Well, my mother didn't have it, my grandmother didn't have it; it doesn't apply to me also'. We are working with members and we are also working with the financial inclusion unit and the DWP champions. I think that we will be doing some sort of national campaign to try to resolve this. They are cultural barriers. It is very much ingrained in the community and I think that this is the biggest problem that we see.

[41] As for financial capability or trying to entice people, if you like, to learn more, I think that it is very difficult because nobody tells me when I should learn something, unless, of course, I get sent on a course. [*Laughter.*] I think that financial products and financial capability are very difficult to crack.

[42] **Mark Isherwood:** How extensive, for instance, are the basic skills deficits and the language barriers that you refer to?

[43] **Ms Williams:** On basic skills, what we hear may be more anecdotal. It is very difficult to get any real evidence of that because when our members are sending out for information, we cannot assume that everybody who does not respond cannot read or write, but it is possibly a high percentage. So, the evidence is quite anecdotal. We hear of advisers, housing officers and front-line staff who pick up on the signs that people may not be able to read or write. It is there, it is very real and, again, it is generational. There may only be one or two people in a family who can read or write.

[44] **Rosemary Butler:** The first question that I was going to ask was what led the housing association movement in Wales to support the development of Moneyline Cymru, but I think that has been covered.

[45] I would like to move on and ask you why the rates of interest that Moneyline Cymru charges are so much higher than that charged by credit unions. Perhaps you can expand on the issue. You have just touched on the shops project, but could you expand on what financial capability work you are doing with your customers? Importantly, are you involved with other partners—you talked about 10 or 15 in the strategy—in doing any work in schools to prevent young people getting into these difficulties, before they move out of home and get their own accommodation?

[46] **Ms Williams:** You asked about interest rates, financial capability and schools.

[47] **Mr Bennett:** I will answer the first part on interest rates. To be honest and absolutely

frank with the committee, trying to come up with innovative, sustainable solutions to exclusion are not necessarily for the weak-hearted. When we started Moneyline, there were a lot of raised eyebrows. A lot of members, a lot of registered social landlords and a lot of stakeholders were very concerned about any initiative that could possibly dream of charging somebody who is financially excluded perhaps 40 per cent. The issue is that we have to price for risk, if this initiative is to be sustainable. It is important that we do not just get hung up on the issue of the annual percentage rate.

[48] I can give you a practical example of the difference. One of the problems—and it is not the only problem that credit unions face—is the fact that through their regulation, they cannot charge more than 2 per cent per month. Therefore, they cannot charge for risk. Some of the cohort that we are trying to help here are highly risky in respect of payback rates and all the rest of it. So, through regulation, credit unions cannot charge more than 2 per cent per month or about 26 per cent per annum.

[49] What we are trying to do is to plug that gap and assist that next cohort of people who have not been in a position to save with a credit union over three months, do not have credit union membership, are a high risk, and would never be served by a bank. Their only other alternative, their best next alternative, is 275 per cent from a doorstep lender. That best next alternative on £100 over 52 weeks will cost them £70 in interest charges for that £100. People who come through Moneyline will be lent against risk, and we will assess the risk that they carry. The interest rate will vary between 27 per cent, which is just above what credit unions charge, up to about 41 per cent. So, if we were charging somebody 27 per cent, they would pay £19 for the £100 that they borrow over the period of 12 months, which is obviously £51 cheaper than the doorstep lender. We give an example of where that has had a pretty significant effect on one individual: a 61-year-old woman who is on benefits paying £200 a month to a doorstep lender. Moneyline redeemed that debt and she now pays £80 a month, and, within that £80, £20 goes to the local credit union, so she is starting to have savings for the first time.

1.10 p.m.

[50] Over time, we will have to assess how things go with default rates. Where we can bring down interest rate charges, we are very keen to do that, but I can assure you that we have been very aware of that. However, to show some leadership, given the scale of the problem out there, we still feel that it is much better to offer people a 27 or 40 per cent loan than simply to throw them to the alternatives, which can be anything from 270 per cent to 2,000 per cent, in some cases.

[51] **Rosemary Butler:** There seems to be a big gap between 27 and 40 per cent.

[52] **Ms Williams:** Yes, we have actually—

[53] **Sandy Mewies:** I will just say to Members that we have another six questions left in this session, and we will run out of time if we do not keep things slightly tighter.

[54] **Ms Williams:** We have a referencing system set up with all our members who have contributed and who are taking part in this. So, if one of their tenants comes to us, we can get a reference back. That can, potentially—and it works very well in practice—bring their APR down to about 27 per cent, which is a tiny bit more than the growth fund APR that credit unions charge. So, we are very pleased with that. It works very well, and we have a fantastic turnaround time with that as well.

[55] **Bethan Jenkins:** A allwch chi **Bethan Jenkins:** Could you tell us how the ddweud wrthym sut mae ansawdd yr addysg quality and availability of financial inclusion

ar gynhwysiant ariannol a'r cyfleoedd i'w chael yn cymharu ar draws y sbectrum, a hynny ar gyfer tenantiaid mewn cymdeithasau tai gwahanol? Yr ydym wedi siarad am strategaethau, ond a oes angen mwy o strategaethau i sicrhau bod tenantiaid a chymdeithasau tai gwahanol yn cael yr un cyfleusterau a'r un hawl i addysg ag eraill?

education compares across the spectrum for the tenants of various housing associations? We have talked about strategies, but do you think that we need more strategies to ensure that different tenants and housing associations have the same facilities and the same right to education as others?

[56] **Mr Bennett:** Yn sicr, mae angen inni ddod o hyd i d dulliau newydd o roi addysg a chyngor ariannol i bobl. Mae hwnnw'n anodd tu hwnt, a dyna pam mae'n bwysig gallu plethu gwasanaethau, gan gynnwys addysg a chyngor a benthychiadau cymharol rhad. Ni wn a oes gan Clare rywbeth i'w ychwanegu o safbwynt gwaith cymdeithasau tai.

**Mr Bennett:** We certainly need to find new ways of giving people financial education and advice. That is exceptionally difficult, which is why it is important to be able to integrate services, including education and advice and comparatively affordable loans. I do not know whether Clare has anything to add on the work of housing associations.

[57] **Ms Williams:** I would say that work on financial capability probably does differ a little between housing associations. Some housing associations concentrate on schools, which I think was asked earlier, and financial capability work is also going on in schools with other financial institutions. Then, other members may concentrate more on pre-tenancy work. Some of our larger organisations may choose to work more across the board. Some of our smaller members have to target more—their new single tenancies, for example. So, there is a range of work. It would be fantastic if everybody were doing the same thing, but our members have to respond to their tenants' needs, and an awful lot of profiling goes on to find out exactly which tenants need that education.

[58] **Mohammad Asghar:** I am sure that financial education is important, especially for vulnerable people. I think that many educated people around this table probably do not know the real meaning of APR or how it works. You are competing with the banks and other credit unions, and your rates, which I have just read, are not that cheap either. So, you are also one quarter lender and are making profit. Is targeting financial education at social housing tenants effective? Does it meet the needs of particular groups of tenants, such as people with disabilities, people with caring responsibilities, and those who cannot speak English or Welsh? Tell us how you deal with that.

[59] **Mr Bennett:** Clare will have the detail there, Oscar, but one point that I want to get over to you all is that we accept that this is not just a problem for social housing tenants, or not just the social housing tenants of registered social landlords. Tenants in the private sector and in the local authority sector are just as susceptible to this. There is an awful lot of evidence to show that those who benefited from discounts in exercising the right to buy in the early years were targeted. Moneylenders thought, 'Right, you have an asset, so we can have some secured lending against that, and it has been discounted as well—wonderful'. That increases the scope of exploiting certain individuals. Repossession rates are also much higher among those who have exercised the right to buy, because they have been targeted in that way.

[60] So, I would say that there are vulnerable groups, but we are trying to make sure that we work with other partners, as Clare has referred to, as does the paper. This does not have an impact just on social housing tenants. We will play our role, but we want to make sure that this is available to everybody. Talking about mixed communities, there is precious little point these days in providing affordable loans to social housing tenants but excluding other citizens. In the case of Moneyline, for example, these are high-street retail operations, which have no branding associated with the RSL movement. Anyone is free to go in and to receive advice

and, where appropriate, relatively cheap finance. Why? Because you cannot simply divide a community by people's tenure. If we are talking about proper financial inclusion, we have to strive to be as inclusive as we can.

[61] **Mohammad Asghar:** Thanks very much, Nick, but the fact is this. You say that you are reducing interest rates from 275 per cent to a lesser percentage, but someone jumping from floor 270 of a building or floor 26 will still get hurt. My point is about how you educate people prior to the lending. How do you educate them prior to giving them the funding? These are the consequences of the lending.

[62] **Ms Williams:** I think that that education is probably going on. Members are trying to do this pre-tenancy, but the fact is that tenants are coming already in debt. It does not matter how early our members try to get in there. Even if an 18-year-old arrives, he or she will usually still have a Provident loan. It is incredible, but that is a fact.

[63] I know that that education is going on in Moneyline outlets. Our main aim is to get people away from doorstep lending, and we are trying to pay off Provident loans or whatever doorstep lender they have used. So, the financial capability within Moneyline Cymru is the doing, if you like, and there is a fantastic incentive there to get somebody to learn. When somebody comes in, they just want a loan. That is all they want, but, in fact, what they get is a basic bank account and, hopefully, a savings account, as well as financial capability work on basic bank accounts and savings.

[64] As for the partners that we are working with, we are working with the FSA and Consumer Financial Education Body on the 'Moneymadeclar' guidance.

1.20 pm.

[65] **David Lloyd d:** O ran y cysylltiad rhwng addysg gyllidol a mynediad at wasanaethau ariannol, yr ydych yn nodi yn eich papur fod eich tenantiaid mewn tai cymdeithasol fwy na dwywaith yn fwy debygol o ddioddef o ladrad na deiliaid tai eraill, ac eto mae dros 90 ohonynt heb yswiriant cynnwys y tŷ. Beth yw'r rheswm am hynny? A yw'n wir nad yw pobl sydd â sgiliau cyllidol da iawn hyd yn oed yn llwyddo i drefnu mynediad at wasanaethau cyllidol, neu a oes rheswm arall? Beth ydych chi, y cymdeithasau tai, yn ei wneud i geisio sicrhau bod gan eich tenantiaid yswiriant cynnwys y tŷ?

**David Lloyd:** In respect of this link between financial education and access to financial services, you note in your paper that your social housing tenants are more than twice as likely to suffer from theft as other householders, and yet more than 90 per cent of them do not have home contents insurance. What is the reason for that? Is it the case that even people with very good financial skills just do not get round to accessing financial services or is there some other reason? What are you, as housing associations, doing to try to ensure that your tenants have home contents insurance?

[66] **Ms Williams:** I think that I went some way towards answering that earlier on. We do not really understand the reasons why, because we know that there are a few extremely good products on the market. In fact, we promote My Home contents insurance and most of our members are signed up to that. We know the take-up is very low. Even when there is an opt-out clause at the beginning of the tenancy, take-up is still extremely low.

[67] I am doing some work now with a particular association on some rolling promotion and we are going to be monitoring that monthly to see what works well. It will be a difficult one to crack, and there needs to be awareness around flooding as well. Yes, it is difficult. Yes, our members are working hard and, as I said earlier, I think that we will be doing something with the financial inclusion unit and with DWP on that.

[68] **Joyce Watson:** I am going to ask questions around co-operation between the statutory, private and third sectors. Have you seen any housing associations and private sector and third sector bodies working together to deliver financial education? I am talking about education, not anything else.

[69] **Ms Williams:** I know that there are examples of financial institutions working with our members to deliver financial education. Some of our members are working directly with schools, perhaps funded or assisted by financial institutions. Certainly, there is funding available. Barclays, for example, has a fund. I suppose that the other way that—sorry, was it the private sector that you were referring to?

[70] **Joyce Watson:** Or public sector.

[71] **Ms Williams:** Through Moneyline social finance, we have a private portfolio of investors who are investing in Moneyline Cymru, which is quite innovative. It is probably the first time that it has happened in Wales, I should imagine.

[72] **Mr Bennett:** I do not want to talk for too long, but I would like to add that I think that one of the critical issues here is about choice for the tenant or anyone else who is currently financially excluded. Even if education and financial capability were perfect in Wales right now, what choice do most people have if they are excluded when it comes to getting a cheaper loan? We have to build up the capacity so that people can exercise meaningful choice. That is what is really lacking at the moment and perhaps that is where we need to do more partnership working, to answer Joyce Watson's question.

[73] **Eleanor Burnham:** Efallai eich bod wedi ateb y cwestiwn am y problemau a'r rhwystrau sy'n wynebu tenantiaid cymdeithasau tai wrth geisio cyngor am ddyledion a materion ariannol, ond efallai nad ydych wedi ateb y cwestiwn arall, sef faint o gymorth a allech, fel cymdeithasau tai, ei ddarparu i denantiaid. A ydych yn ddibynnol ar asiantaethau fel Cyngor ar Bopeth i roi cymorth i denantiaid?

**Eleanor Burnham:** You may have answered the question on the problems and barriers that face housing association tenants in trying to seek advice on debt and financial matters, but perhaps you have not answered the other question, which is how much advice and support can housing associations provide to tenants. Are you reliant on agencies such as Citizens Advice to help tenants?

[74] **Ms Williams:** Our members are delivering a lot of advice and support to their tenants and more and more of that is now delivered at the beginning of the tenancy. It is there; it is there throughout the life of the tenancy. That has always been the case really, although obviously I would like to say that it has improved over the last few years. There is a reliance on Citizens Advice, because it is seen as the advice agency. Part of the problem that we experience with the citizens advice bureaux and other advice services is long waiting lists, and one of the things that I am trying to do and I am working towards, hopefully, is to address one thing that we suffer from—we suffer from it with Moneyline even—which is no-shows, that is, people not turning up for their appointments.

[75] If we can just support and handhold people a little bit into those appointments, that waiting list will reduce. So, whereas there is a slight reputational issue sometimes with citizens advice bureaux because of these long waiting lists, a lot of that is down to no-shows. One area that our members could be working on is helping those tenants to get to those appointments so that the waiting list is reduced.

[76] **Mark Isherwood:** You supported a campaign against illegal money lending to social housing tenants. How effective was that? Do you feel that social housing tenants are

particularly vulnerable and how do you think that this should be addressed more broadly? Could housing associations have a bigger role to play in sustainable community regeneration on an area basis, as is the case in some other parts of the UK? Has better regulation a role to play in this? I noted your comments earlier about unscrupulous cowboy lending on right to buy, which was in breach of statute, but was it not a regulatory failure that allowed it to happen?

[77] **Mr Bennett:** Certainly, on the first point, we launched the Don't Get Bitten campaign last November. We were incredibly pleased with its immediate impact. It was the top story on BBC Wales, S4C and ITV Wales on 4 November or whenever it was that it was raised. So, we have had that evaluated. For a public relations exercise, it was fantastic. It did the job. However, we have to acknowledge that we are talking about an endemic problem that does not disappear because you have had a series of TV advertisements, however hard-hitting they are—these featured shark bites that emerged as numbers, APR and payback rates. There is an awful lot more that we could do on that. We are currently assessing what we are going to do over the next 12 months to follow through on that campaign.

[78] You will also see in our paper that there is a recommendation on having a home contents insurance campaign, involving not just ourselves but other key stakeholders, including the Assembly Government. Raising awareness is critical, but, again, I have to emphasise that even if awareness, knowledge and education were perfect in this country tomorrow, and we waved a magic wand on that, you still have this issue of choice. Unless we can increase the products available for people who are currently not served, we are not giving them a choice, and knowledge without choice can be pretty meaningless.

[79] **Sandy Mewies:** We will move on to the final question, which is from me. What impact, if any, has the Welsh Government's financial inclusion strategy had so far?

[80] **Mr Bennett:** I think that it was Kissinger who once asked Zhou Enlai what impact the French Revolution had had on world history. There was a silence and then he said, 'It is still too early to tell'. I think that, in fairness to the financial inclusion strategy, it has been out for 12 months or so. It certainly is far too early to tell. What we are pleased about, though, is the fact that it seems to be a genuine partnership document. It refers to things that have been long-standing Assembly Government initiatives but also newer and more innovative approaches. We are very keen to carry on working with the Assembly Government where we can.

[81] **Sandy Mewies:** Thank you for that anyway. Thank you both for coming today, for the paper you have prepared for us and for the informative way in which you have answered questions. You will be sent a transcript of the evidence given today for you to check for factual accuracy. Thank you very much indeed.

[82] **Mr Bennett:** Thank you, Chair. If there is anything else that the committee needs before you complete your report, we would be very happy to help.

[83] **Sandy Mewies:** Indeed, we will. Thank you very much.

1.30 p.m.

**Ymchwiliad i Gynhwysiant Ariannol ac Effaith Addysg Ariannol—Casglu  
Tystiolaeth: Fforwm Gallu Ariannol Canolbarth, De a Gorllewin Cymru  
Inquiry into Financial Inclusion and the Impact of Financial Education—  
Evidence Gathering: Mid, South and West Wales Financial Capability Forum**

[84] **Sandy Mewies:** Jayne, I think that you know that we operate through the medium of Welsh and English, so there are headphones available if you need them. Could you also make sure that, if you have a mobile phone or BlackBerry, it is switched off?

[85] I welcome today Jayne Wynn, who is the financial capability manager for Powys Citizens Advice Bureau. She is going to talk to us about the Mid, South and West Wales Financial Capability Forum. Thank you very much indeed for the paper that you have submitted. I ask that you do brief introduction and then I will ask Members to ask you questions that I hope that you will be kind enough to answer.

[86] **Ms Wynn:** I am Jayne Wynn and I have worked for Powys Citizens Advice Bureau since 2003, managing its financial capability work. Thank you for inviting me here today to give evidence.

[87] When I started with Powys Citizens Advice Bureau—I never did advice work, only financial capability work—financial capability, at that stage, was new to Powys Citizens Advice and fairly new to Citizens Advice as a whole. In fact, at that time, when I was working with other organisations and partners, they would say, ‘Financial capability? What? Do you mean debt work?’. So, we needed to make a clear division between debt work and financial capability.

[88] Before I came to Citizens Advice, I worked for Abbey, or Santander as it is now known, and HSBC as a financial adviser. Having moved from the banking sector to the voluntary sector, probably naively, I was very surprised at the suspicion and negativity felt towards banking. There is still much work to do on that. I still think that there is a suspicion between the two businesses and I would love to have the chance and resource to do some more work, for each to understand where the other is coming from.

[89] I was stakeholder manager for south Wales on the DWP-led Now Let’s Talk Money campaign, which was very much around awareness-raising of financial inclusion. In July, we are holding a joint Wales financial capability forum conference. The main aims of the conference are to investigate the difference that the Welsh Assembly Government’s financial inclusion strategy has made, one year on, the ways it has developed and the ways in which it ought to be developed. Having compiled a forum-led response to the strategy, I am keen to see what impact it is going to have on financial inclusion in Wales.

[90] A lot of awareness-raising has been done, as I said, since I came into financial capability in 2003. I think that people now are pretty much aware of what we are talking about. What we want to see from here on is what has happened around accessing mainstream financial services and products and around the provision of affordable credit and savings. We also want to see what improved access there is to financial and debt advice, around financial capability and income maximisation—indeed, the themes of the strategy.

[91] **Sandy Mewies:** Thank you very much, Jayne. Rosemary Butler has the first question.

[92] **Rosemary Butler:** Thank you very much for your evidence. It is really interesting. My question is very short but it could actually be the topic for a thesis or a doctorate. How would you define social inclusion?



- [93] **Ms Wynn:** How did I find social—
- [94] **Rosemary Butler:** ‘Define’.
- [95] **Sandy Mewies:** Define ‘financial’ inclusion.
- [96] **Rosemary Butler:** I said ‘financial’, did I not?
- [97] **Sandy Mewies:** You said ‘social’.
- [98] **Rosemary Butler:** I beg your pardon. I will start again. How would you define financial inclusion? Social inclusion would be quite interesting as well, but we would like to know about financial inclusion today.
- [99] **Ms Wynn:** They do link in, you are absolutely right. To define financial inclusion would vary according to your life stage and situation at any one time. For instance, if you are struggling to manage on a very low budget, you would need different help and support to someone who maybe wanted to know if they should be investing in their pension or looking for home contents insurance. It depends on where you are at any life stage.
- [100] **Rosemary Butler:** That is an interesting response. How good are we in Wales at helping people to develop the skills that they need to manage their own finances and to make them confident?
- [101] **Ms Wynn:** We are good at it in Wales. There are lots of people in Wales doing a lot of good work, but I find it all a little bit ad hoc. For instance, because we have been doing this work for seven or eight years, if you happened to be a partner working with our bureau and had access to what we have to offer—and a lot of what we offer is through the forum; in other words, there are different projects that are offered by the forum—then, yes, it is great as you would have access to, for instance, our Energy Best Deal campaign or our Saving for Christmas campaign.
- [102] There are pockets of people who are unaware of what is available. What I would very much like to see is some organisation or someone, an umbrella organisation maybe, that would take control of it and think, ‘Who should we be targeting? Where are they? What access do they have to different services? How can we best provide it if they do not have access?’.
- [103] **Sandy Mewies:** Are you okay with that answer, Rosemary?
- [104] **Rosemary Butler:** Yes. I am sure there are a number of questions there we could pursue, but I will not. Thank you.
- [105] **Bethan Jenkins:** Yr wyf yn credu ichi gyfeirio at y ffaith bod llawer o bethau’n digwydd yn ad hoc ar hyd eich ardal. Yr ydych wedi sôn am gael mudiad ymbarél i ddelio â hyn. Pa fath o waith gall y fforwm yr ydych chi’n rhan ohono ei wneud i helpu cydlynu’r hyfforddiant? A oes rôl gan fforymau fel eich un chi o ran gwneud y gwaith hwnnw? A oes gennyh syniadau am ba gorff arall ddylai wneud y gwaith os nad eich corff chi?
- Bethan Jenkins:** I think that you mentioned the fact that many things happen on an ad hoc basis across your area. You have mentioned setting up an umbrella organisation to deal with this. What kind of work could be undertaken by the forum of which you are a part to try to help to co-ordinate training? Is there a role for fora like yours in doing that work? Do you have ideas about which other organisation should do the work if not yours?

[106] **Ms Wynn:** Yes. The fora do already map and we know what the people or organisations that attend the forum meetings are about. We know what they can offer. We do share materials and expertise. We do not have the capacity to look at the whole of Wales. For instance, are we reaching people that will not turn up at a given group? If, for instance, they turn up at Action for Children or one of these formal groups or meetings, we know about them. We know they exist. Through the forum we can say, ‘Well, actually, that is not our area of expertise or our geographical area. Can we pass that work on?’. I am very concerned that there are people who do not turn up to these formal meetings. We do not have the capacity to seek them out. I am not sure whether that work is for the local authorities or the Financial Services Authority. How do we reach these people? Who is getting to them and who is mapping how we should go about doing this? We can do some of the work within the forum, but not all of it.

[107] **Mohammad Asghar:** Jayne, thanks for the brief in the beginning. My question is on financial education. How does the provision of financial education differ across Wales? In addition, are there any obvious gaps in the provision of financial education across Wales, in respect of either geography or social groups?

[108] **Ms Wynn:** Socially again, as I say, the people who I worry about and think about are those who may be in rural areas or in excluded poorer areas. How do we know that they are there? How are we getting to them? I do not know how that is going to happen.

1.40 p.m.

[109] Talking about schools, if that is on the agenda that you are talking about, Powys Citizens Advice has not done much work in schools. I do not think that we would have the capacity to do that. I think that it is something that education should be taking on board anyhow, so that it is not as ad hoc as the adult provision. I know, particularly in the north of Wales, that Citizens Advice has done some work in schools.

[110] **Sandy Mewies:** Was that Les?

[111] **Ms Wynn:** Yes, Les. [*Laughter.*] Les has done quite a lot of work in schools, yes. I think that a lot of the people whom we need to reach are not the people who would seek out what they need, and that is, again, a problem.

[112] **Mohammad Asghar:** That is a problem. Thank you.

[113] **Joyce Watson:** Good afternoon. In your written evidence you suggest that there should be guidelines and some checks on the standard of the financial education being provided. Why do you think that that is necessary? Could you give us some examples of how standards of financial education could be improved?

[114] **Ms Wynn:** To answer the first part of your question, I think that it is necessary because there are a lot of partners and organisations out there now, as I say, several years on, picking up financial capability and running with it and trying to do their own training, if you like. Housing associations are very much on board now and want to do something about financial inclusion. I just wonder who is looking at what they are delivering and who is quality marking it. In financial services, particularly, things can change very quickly—materials that you picked up two years ago might have totally changed. I am concerned that, at the moment, no-one is out there saying, ‘Who is delivering what and what materials are you using?’ What about the trainers? Who is looking at the quality of the actual training?

[115] When I started doing this work there was very little available. There is a huge amount of material now. There are financial services. We do our own in-house Citizens Advice

training materials. Anyone wanting to become a financial capability trainer with us will be trained and will be sent away to learn how to actually deliver that training. They will be supported and shadowed and we will look at what they are doing. Over and above that, an organisation like the FSA should say—and I am sure that they probably do not want to be given this role—‘What are you taking out there? What are you teaching and what is the quality of that work?’ I think that is very important.

[116] **Joyce Watson:** May I just press a little, please? I understand, and I can feel, your frustration, because you have obviously come across situations where you do not think that it has been what you would hope it would be. Do you think that there should be somebody, somewhere—you mentioned the FSA—overseeing it before any funding is put towards it? We have heard about people saying, ‘If we had more money we could deliver training’, but you are particularly concerned about the training. If the Assembly Government did intend—and I am not saying that it does—to invest in this, do you want to see real quality control and a person overseeing it?

[117] **Ms Wynn:** In a nutshell, that is exactly what I would like to see, yes.

[118] **Eleanor Burnham:** Pa rôl a ddylai undebau credyd, sefydliadau fel Moneyline Cymru a landlordiaid cymdeithasol ei chwarae wrth ddarparu addysg ariannol? Pan fydd benthycwyr yn rhoi cyngor am sgiliau rheoli arian, a oes gwrthdaro buddiannau? **Eleanor Burnham:** What role should credit unions, organisations such as Moneyline Cymru and social landlords play in the provision of financial education? When lenders give advice, is there a conflict of interest?

[119] **Ms Wynn:** Credit unions have a vital role to play in tackling financial exclusion. I have a worry about lenders giving money advice. They need to be transparent and very open that they have no interest in what they are talking to the clients about.

[120] We work closely with our local credit union. I am very keen to refer Citizens Advice clients, particularly when they are looking to start saving and it is their first step towards savings. It is important as well that we do not say, ‘There is only the credit union that would be appropriate for you’. To make people financially included they should also be aware that they might be able to start some tax-free savings. You do not need a huge amount of money to have an ISA, for instance, and there is the savings gateway that will, hopefully, be available soon. If people are going to be included, credit unions need to be part of a package of what is offered, similarly with community development finance institutions, but I think that, when they are lenders as well, and when they need to get loans out to survive, we need to have a look at that and make sure that any advice that they give is totally impartial. I thought of something else but it is gone. [*Laughter.*]

[121] **Sandy Mewies:** That is fine. Thank you. In your written evidence, you say that Citizens Advice has been involved in a number of financial capability projects targeted at specific groups—I happen to know about one in north Wales, as does Mark. One has been targeted specifically at older people, looking at tax issues. Is there a risk that, by targeting financial education at specific groups, some people will not have access to financial education, because they just do not fit into any of the groups?

[122] **Ms Wynn:** I know that the piece of work funded by HMRC, ‘Tax for Older People’, was delivered to people in supporting roles, not directly to the clients; that gives a much larger reach, if you like. We specifically delivered to Age Concern—they are no longer known as Age Concern—and Red Cross, so that it was passed on down from them to lots of other service users.

[123] To answer your question, it goes back to what I would really look for, namely some

umbrella body that says, ‘Okay, yes, this has gone out to young mums, you have done this training for older people, and you have done this training for your NEETs’. That is what I am looking for—someone to say, ‘Yes, that was great for that group of people. How many of that group did you reach across Wales, or was it just the ones who happened to be in Powys that we happened to know about?’. In that way, all this information would be shared and we would not miss people or target groups.

[124] **Eleanor Burnham:** May I ask a question?

[125] **Sandy Mewies:** No, I have not finished yet. [*Laughter.*] You are welcome to ask a question afterwards, if you like. How accessible is financial education to people from different backgrounds and circumstances—this may have to be in your own experience—such as people with experience of the care system, people with a disability or who have caring responsibilities or for those whose first language is neither Welsh nor English?

[126] **Ms Wynn:** From my own experience, we reach the groups that you mention through our work with partner agencies.

[127] **Sandy Mewies:** That is fine, thank you.

[128] **Eleanor Burnham:** Is it possible, do you think, Chair, to perhaps make a recommendation based on what Jayne Wynn has just said?

[129] **Sandy Mewies:** We may come to a recommendation, but it will be at the end of the process.

[130] **Eleanor Burnham:** Yes. I am just thinking in particular of what she said about the role of the FSA.

[131] **Sandy Mewies:** We have the FSA coming to committee.

[132] **Eleanor Burnham:** Okay. I just thought that I would flag it up.

[133] **Sandy Mewies:** As we have the FSA coming, we will look at those at the end.

[134] **Mark Isherwood:** I endorse that. You have raised a number of regulatory issues, so I look forward to that.

[135] We are aware that a number of banks and building societies have provided funding for financial capability projects run by Citizens Advice. How effective do you think the co-operation is between the statutory sector, third sector, voluntary sector and private sector in providing financial capability and financial education, and what more could be done?

[136] **Ms Wynn:** We have found that the private sector, the financial sector in particular, has put forward money for specific projects. I guess that I would always say that more could be done. I did some work that was not funded by the financial sector—it was something that we managed out of our core funding, or our core financial capability, if you like. I had worked in a bank, so I was comfortable with banks, but what I was surprised to find was that a lot of the people we were working with felt intimidated and would not even want to walk through the door of a bank or a financial institution. They felt that they were too poor to use these services, that they would not know the correct questions to ask, that they would feel intimidated by the staff and that they did not have a driving licence or a passport, or whatever they would need. Probably because I had worked in banks, I was surprised to find that they were afraid to even go in to ask.

1.50 p.m.

[137] So, as well as working with the people whom we are supporting, telling them that we would go with them, what they are likely to be asked, and that they might not need a passport or driving licence, I wanted to switch that around, and I went in to see the banking staff to tell them that they were frightening people. ‘What?’—and that would have been my reaction when I worked in a bank, too. Unfortunately, not many banks took us up on our offer to go in and talk to their front-line staff. Yes, they are all targeted, and they have to sell bank accounts. We know that, and that is their business. However, if you get people on board with maybe just a basic bank account—and that is all that they need—they will stay loyal, as not many of us change the bank that we first open an account with unless something puts us off. I told the banks to encourage these people and not to be so frightening to them, and the bank staff—those at the sharp end—loved it. They did not realise that they were frightening, but they were a bit. They were putting people off.

[138] The banks that accepted that offer of training got a lot from it, and I think that there is a huge way to go. The banks could meet these people halfway, giving them more financial skills and showing them how to use financial products and services. I would love to do more on that.

[139] **Mark Isherwood:** Absolutely. I endorse what you say. I think that identifying and meeting customer needs means knowing your customers first. You will not know whether they need any of your products and services until you do. I have a similar background to you, but there we are.

[140] How effective do you think local authorities have been at developing relationships across the three sectors? How effective have voluntary sector or third sector bodies been at working with each other? I noted that you referred earlier to problems identifying where the need exists among people living in rural or social isolation, and work is increasingly beginning to be developed by the fuel poverty charities on targeting that very population by going from door to door. So, joint working between you might result in a win-win situation for both.

[141] **Ms Wynn:** It definitely would be, but, for whatever reason, it is not happening. We do invite local authorities and speak with them to try to get them engaged in the financial capability fora, but we have poor attendance. Typically, when we talk, I find that we get a response such as, ‘Yes, we are interested, and we need to get involved in this’ but then nothing happens. We could work very well together.

[142] You talked about fuel poverty, and we deliver the Energy Best Deal. Mostly, we have delivered that to groups—and I mentioned the types of groups that we can identify. We do know that they are there and we can reach them. More and more often, through our case workers, they are referring clients on a one-to-one basis. They are there because they are in debt, but they are paying £60 a week for their fuel. Why? Then they will refer them over to the financial capability forum and we will take a look. They might need to switch supplier or whatever. I do not know, but they are being sent sideways from the debt case workers. Working with the local authorities could work so well.

[143] We do work with them on the local housing allowance scheme, with Powys housing. If someone is awarded the local housing allowance but does not have a suitable account to pay it into or their account is so overdrawn that the local housing allowance would go in and be swallowed up and the next week they would be in rent arrears, that person is diverted to us, and we will help them to open a new account, if necessary, so that at least their rent money does not disappear into a black hole. That is typical of what we should be doing.

[144] **Mark Isherwood:** That is going to change, anyway. *[Laughter.]*

[145] **Ms Wynn:** Oh, good.

[146] **Sandy Mewies:** We will move on. I think that you have also covered the next question in actual fact. Do you want to ask a supplementary question?

[147] **Rosemary Butler:** You mentioned how difficult it is to get a bank account, but we are talking about good financial skills and knowledge of the market, so are there any other obstacles that might get in the way of accessing financial services generally? You have talked about not being able to open a bank account, but are there any other obstacles to people accessing financial services?

[148] **Ms Wynn:** A lack of knowledge. They do not know what financial service they need unless we tell them. We have people in rented accommodation and it never comes onto their radar that perhaps they should get some contents insurance. It is a lack of knowledge, and it is feeling intimidated, or even knowing where to go or who to ask. It is all-round education.

[149] **Bethan Jenkins:** Yn eich profiad chi, pa mor fawr yw'r broblem o ran benthydwyr ar steplen y drws? A all addysg yn unig ddatrys y broblem? Er enghraifft, gallai pobl gael addysg i beidio â derbyn arian gan fenthydwyr ar steplen y drws, ond gallant wneud hynny beth bynnag. A oes angen gwneud mwy na darparu addysg i fynd i'r afael â'r broblem honno, sy'n tyfu bob dydd, hyd y gwelaf i?

**Bethan Jenkins:** From your experience, how big a problem are doorstep lenders? Do you think that education alone can solve the problem? For instance, people can be educated not to use doorstep moneylenders but they might just go ahead and use them anyway. Is there a need to do more than provide education to tackle this problem, which is growing every day, as far as I can see?

[150] **Ms Wynn:** On the subject of doorstep lenders, first of all, we need to know what we are talking about. Doorstep lenders and illegal lenders are two totally different beasts. I have done a lot of work talking to people about using doorstep lenders. Working backwards, people who use doorstep lenders often look at the loan amount and think, 'That will cost me £5 a week—I can afford that, so it is fine'. They feel as though they cannot go to the bank, or they are afraid to, or they do not know that that might be a possibility. What they are worried about is whether they can afford to manage that loan, and they do not work out the sums.

[151] We can offer them alternatives, and suggest the credit union as a possibility. If we ask what they are borrowing the money for and we find that it is to pay back debts, we can advise that they may be better off getting debt advice instead of struggling to repay another loan. If they are armed with that information, they can still choose to borrow £50, which will cost £5 a week to repay. They may only need it for three months, to get the kids a school uniform before going back to school, and where else would they go to get £50? So, I am not saying that it is always bad to use doorstep lenders. It is expensive, yes, but if that is your option and you need to get shoes on your kids' feet, and that is the only way you can afford it—

[152] **Bethan Jenkins:** What about the illegal moneylenders?

[153] **Ms Wynn:** Illegal moneylenders are a totally different beast. They are illegal and should be reported to the police or the illegal money lending unit. The difference is that they will use threatening behaviour to get their money back. There are some horrific stories, which I am sure the illegal money lending unit has shared with you.

[154] **Sandy Mewies:** Okay, thank you for that. The final question is from me. Although it is in its early stages, what impact, if any, has the Welsh Government's financial inclusion

strategy had so far?

[155] **Ms Wynn:** I do not know.

[156] **Sandy Mewies:** We had the same answer before, do not worry. We were told that it is too early to tell. You may agree with that.

[157] **Ms Wynn:** We are having our conference in July, and Les, the co-ordinator of the north Wales forum, and I have compiled the joint forum response to it. We agreed with the themes of the strategy, and there is this very nice strategy that we all have an input into, but we are worried about what actually happens on the ground. That is what we want to see. So, I do not know.

[158] **Sandy Mewies:** Fine. Thank you very much indeed for that. Thank you for the paper that you submitted and for your informative answers to the questions that you have been asked. We will be sending you a transcript of what has been said today, which you can check for factual accuracy.

[159] **Ms Wynn:** Okay, thank you.

2.00 p.m.

### **Cynnig Trefniadol Procedural Motion**

[160] **Sandy Mewies:** Moving swiftly on, we will now go into private session. That will need Members' agreement under Standing Order No. 10.37. I move that

*the committee resolves, in accordance with Standing Order No. 10.37(ix), to exclude the public from the meeting to allow it to consider the potential issues for future committee inquiries.*

[161] Are we all agreed? I see that we are.

*Derbyniwyd y cynnig.  
Motion carried.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 2 p.m.  
The public part of the meeting ended at 2 p.m.*