



Fair4All Finance  
Financial capability consultation

By email

24 November 2025

Dear Sir/Madam

### **Building financial capability**

The UK's Financial Conduct Authority (FCA) Practitioner Panel, the Smaller Business Practitioner Panel and the Financial Services Consumer Panel (the Panels) are independent statutory Panels created by the FCA with the key remit of representing the interests of consumers, and practitioners of larger and smaller firms, providing input to the FCA in order to help it in meeting its statutory and operational objectives in an effective manner. Further details of the Panels are available on <https://www.fca-pp.org.uk/>.

The Panels welcome the opportunity to respond to Fair4All Finance's consultation on the use of dormant assets to support the development of financial capability in the UK. We encourage Fair4All Finance to think carefully about how to ensure the assets are used as effectively as possible, including consideration of appropriate safeguards.

We support the ambition to promote financial confidence and resilience, particularly among underserved groups. However, we believe the current framing of the consultation may unintentionally overlook key segments of the population who could benefit significantly from capability interventions. Linking to this, we would emphasise there is tremendous opportunity for this work to lean into the "growth and competitiveness" oriented work that industry is doing with the FCA and others.

Our response outlines:

- A strategic recommendation to broaden the focus beyond financially vulnerable groups.
- Safeguards to avoid market distortion and comply with subsidy control principles
- Evidence-based design principles and references to relevant research
- Structural recommendations for a high-impact, sustainable capability programme
- Concerns regarding institutional coherence and the role of existing statutory bodies

### **Broadening the definition of target groups**

The consultation focuses predominantly on individuals in financially vulnerable circumstances, including those with low income, irregular earnings, or limited access to services. While this is commendable, we caution that this focus risks excluding a high-impact group: individuals with assets (e.g. home equity, pensions, small business interests or "excess" cash savings) that are currently underutilised or mismanaged.

This "under-activated" group does not qualify as financially vulnerable but could derive outsized benefits from targeted capability support. Better utilisation of existing assets can:

- Improve personal and generational financial resilience.
- Enhance individual agency in economic decisions
- Reduce long-term pressure on welfare or crisis-based interventions.

A segmentation approach is recommended to reflect the differing needs and potential benefits across the population:

- Group A: Financially excluded and highly vulnerable
- Group B: Asset-holding but under-optimised individuals, including those with "excess cash"
- Group C: Entrepreneurs and self-employed individuals straddling personal and business finance.

We urge Fair4All Finance to explicitly include Groups B and C within the programme scope.

### **Supporting evidence and research foundations**

The area of financial capability is well researched, and this resource should be used to direct any Fair4All Finance intervention, including design and evaluation. We have highlighted several foundational studies and insights below:

- [Birkenmaier J, Maynard B, Kim Y. Interventions designed to improve financial capability: A systematic review](#) has several interesting findings. A meta-analysis of 76 randomized experiments spanning 33 countries found financial education has positive causal effects on both financial knowledge and downstream behaviours (such as saving, borrowing) — though effect sizes are moderate. It also found pure educational interventions, unaccompanied by product access or behavioural supports, often show weak or marginal effects on behaviour. The review finds that design, intensity, context, and integration with services matter materially to success.
- The [World Bank "Toolkit for the Evaluation of Financial Capability"](#) emphasizes that measurement, context, and impact pathways must be clearly articulated to assess outcomes credibly. Whilst now quite old, and focused on low and middle-income countries, the approach is applicable.
- The [Centre For Financial Inclusion \(CFI\) report](#) talks about tying financial education to "teachable moments", embedding behavioural nudges, combining with product offers (e.g. matched savings accounts) or financial coaching/support.
- In 2003 the FSA published its document – *Towards A National Strategy for Financial Capability* setting the stage for the UK's work in this area. The *UK National Strategy for Financial Capability* should also be borne in mind. This has now been wrapped into the broader [National Strategy for Financial Wellbeing](#) launched in 2020 by MaPS, and recognises the need for a coordinated, cross-sectoral approach to improving financial capability.

Added to this, there is opportunity to leverage significant practical programmatic and experiential work which has been undertaken by financial institutions and charities in this space, particularly noting the everyday laboratory that they provide to create "teachable moments" during customer contacts, the benefits of which are highlighted in the CFI report referenced above.

Collectively, these resources highlight that a lot of work has already been done to improve financial capability, and our understanding on how to influence it. The field has matured and built institutional infrastructure that should not be overlooked or bypassed.

## Leadership of the Strategy

While Fair4All Finance has been tasked by Government to lead on this element of the Strategy, it is essential, given the statutory remit of the Money and Pensions Service (MaPS) to coordinate and lead the national strategy for financial wellbeing, that it should be fully involved with the programme. MaPS has existing delivery networks and partnerships across the UK including clear linkages to the financial institutions that can help and practical experience leveraging their skills, expertise and customer connectivity, as well as established capability metrics and evaluation frameworks. It also has established public trust in this space.

We therefore strongly encourage Fair4All Finance to work in close alignment with MaPS or consider routing capability funding through MaPS directly.

To ensure the proposed capability programme is effective, sustainable and equitable, we recommend the following:

- a. Segmented Intervention Design - Tailor capability content and delivery models for:
  - Financially excluded individuals (Group A)
  - Asset-activators (Group B)
  - Self-employed/small business owners (Group C)
- b. Hybrid Delivery and Behavioural Tools - Use a blend of:
  - In-person mentoring and coaching.
  - Digital micro-learning and nudges.
  - Peer-to-peer and community-based models.
  - Behaviourally-informed interventions (e.g. defaults, reminders).
- c. Neutral, Multi-Channel Delivery - Avoid reliance on a single provider or platform. Work with credit unions, fintechs, local enterprise partnerships, housing associations, and business hubs.
- d. Evaluation and Impact Tracking - Build in robust monitoring, including:
  - Control groups and quasi-experimental methods.
  - Dashboards for public accountability.
  - Longitudinal tracking of behavioural and financial outcomes
- e. Sustainability and Exit Planning - Ensure initiatives are not indefinitely grant-dependent. Consider:
  - Co-funding models.
  - Paid advanced tiers for non-vulnerable segments.
  - Corporate match funding or blended finance vehicles.

In closing, we strongly support the ambitions outlined in the consultation. However, we urge Fair4All Finance to:

- Recognise and include individuals with under-utilised financial assets as part of the solution.
- Consider appropriate safeguards to guard against market distortion e.g. state aid principles and competitive neutrality.
- Build delivery models grounded in rigorous evidence and behavioural science.
- Work in close coordination with MaPS, who have the statutory mandate, experience and infrastructure for capability work.
- Evaluate and adapt continuously, ensuring long-term sustainability.

We would be happy to provide further input or help review implementation models. Thank you for the opportunity to contribute to this important initiative.

Yours sincerely,

[signed]

Will Self  
Chair, FCA Smaller Business Practitioner Panel

[signed]

Matt Hammerstein  
Chair, FCA Practitioner Panel

[signed]

Chris Pond  
Chair, FCA Financial Services Consumer Panel