

<b>Institution:</b> University of Edinburgh		
<b>Unit of Assessment:</b> 17 Business and Management Studies		
<b>Title of case study:</b> Enhancing the financial capability and financial wellbeing of young adults		
<b>Period when the underpinning research was undertaken:</b> 2015-2020		
<b>Details of staff conducting the underpinning research from the submitting unit:</b>		
<b>Name(s):</b>	<b>Role(s) (e.g. job title):</b>	<b>Period(s) employed by submitting HEI:</b>
Tina Harrison	Professor of Financial Services Marketing and Consumption	1993-present
Jake Ansell	Professor of Risk Management	1992-present
Caroline Marchant	Lecturer	2012-2019
<b>Period when the claimed impact occurred:</b> 2015 – 2020.		
<b>Is this case study continued from a case study submitted in 2014?</b> No		
<b>1. Summary of the impact</b>		
<p>Research by Harrison, Ansell and Marchant has sought to address the lack of financial education for young adults, and influence the development of interventions to enhance their financial capability and financial wellbeing. The research had four main impacts:</p> <ul style="list-style-type: none"> <li>• <b>Influenced the direction of the UK-wide Financial Capability Strategy</b>, owned by the Money and Pension Service, in relation to young adults.</li> <li>• <b>Led Young Enterprise to develop and test financial education training</b> for teachers of post-16 school leavers in schools in England.</li> <li>• <b>Led to an improvement in post-16 school leavers' abilities to manage money</b>, with 54% (of those taught by trained teachers) starting to save, compared to a national benchmark of 37%.</li> <li>• <b>Led the Money and Pension Service to commission a pathfinder project (in collaboration with the Welsh Government)</b> to test and develop a sustainable approach for teacher professional development in financial education.</li> </ul>		
<b>2. Underpinning research</b>		
<p>Financial capability is the ability to manage money well day-to-day, prepare for and manage life events, and deal with financial difficulties. It is a strong predictor of financial wellbeing. Yet, over half (52%) of UK 18-24 year-olds show signs of potential financial vulnerability with 11% already in difficulty (Financial Lives Survey, 2017).</p> <p>Despite the introduction of financial education into the school curriculum in England in 2014, the mandatory requirement to teach financial education currently stops at age 16. The reality of the lack of financial education, coupled with mounting evidence of financial vulnerability among young adults (aged 16 to 25), motivated Harrison and Marchant's research to understand how young people develop money management skills and learn to become financially capable, and to identify how to improve their financial capability.</p> <p>Between 2015 and 2019, Harrison and colleagues conducted research that highlighted opportunities for developing and strengthening young adults' financial capability. Using qualitative research, they revealed how key socialization agents, processes and outcomes serve to either support or inhibit the development of young people's money skills and financial capability [3.1]. They highlighted the dominance of and reliance on parental socialization (often from adults struggling with their own financial capability), the lack of active socialization due to poor or negative role modelling, and cultural barriers preventing meaningful money</p>		

conversations between adults and children. They also highlighted the prevalence and precariousness of self-socialization and its variable impact on financial wellbeing. The research underlined the criticality of being equipped to manage money well at this key transitional stage to adulthood and financial independence, and identified several opportunities for developing and strengthening young adults' financial capability.

In 2016, as a result of Marchant and Harrison's initial (then unpublished) research [3.1], the Money Advice Service (now Money and Pensions Service, hereafter MaPS) commissioned Harrison, Marchant and Ansell to undertake a quantitative examination of 'Young Adult Financial Capability' [3.2, 3.3] to inform the direction of the UK-wide Financial Capability Strategy (in relation to young adults aged 25 years and under). The study used data from MaPS's 2015 Financial Capability Survey, a nationally representative survey of 3,461 UK adults aged 18+. This study was able to quantify the issues highlighted in Harrison and Marchant's qualitative enquiry and made several recommendations for policy and practice to improve young adult financial capability, including the need to:

- **Target key transition points with financial education** – e.g. leaving school, entering work or further/higher education, to equip young adults with the knowledge and skills required.
- **Engage an expanded range of trusted influencers** – such as teachers, carers, youth workers and employers, as trusted role models.
- **Support and develop those delivering financial education** – recognising that those adults (such as teachers) educating and supporting young people also need support and guidance to deliver financial education with impact.

Between 2015 and 2019, based on Harrison and colleagues' recommendations [3.2], Young Enterprise developed financial education training specifically for post-16 teachers and commissioned the team to work with them, MaPS (the funder) and Ipsos MORI to evaluate the impact of the training on the financial capability of young people aged 16-18 years old. The research, based on 120 schools and over 3,500 young people in England, found that the professional training led to improvements in both teacher and student outcomes, which were maintained over time. [3.4]

### 3. References to the research

- 3.1. Marchant, C., & Harrison, T. (2019). "Emerging Adults' Financial Capability: A Financial Socialization Exploration", *International Journal of Consumer Studies*. <https://doi.org/10.1111/ijcs.12548>
- 3.2. Harrison, T., Marchant, C. & Ansell, J. (2016). *Young Adults' Financial Capability*, Money Advice Service: London. (Can be supplied by HEI on request)
- 3.3. Harrison, T., Marchant, C. & Ansell, J. (2017). "Mind the Gap: Young Adult Financial Capability", *The European Financial Review*. Dec/Jan, pp. 42-45. (Can be supplied by HEI on request)
- 3.4. Harrison, T., Marchant, C. and Ansell, J. (2018). *The Impact of Training Teachers in Financial Education on the Financial Capability of the Students they Teach*, Young Money/Money Advice Service: London (Can be supplied by HEI on request)

### 4. Details of the impact

#### Impact on the UK Financial Capability Strategy

Harrison et al's research led to the Money and Pension Service (MaPS) enhancing the focus on supporting young adults aged 25 years and under in the UK Financial Capability Strategy, including increasing funding of a programme of interventions to improve the financial capability of young people at key transition points. The Senior Policy and Propositions Manager notes that the research, "has been critical in helping the Money and Pensions Service and its predecessor bodies to understand the financial needs and behaviours of young adults" [5.1]. For example, the research highlighting the need for financial education in the transition to work [3.1 and 3.2] "informed the [Young Adult] Steering Group published action plan" [5.2], the operational plan of

the Financial Capability Strategy. A key outcome of this was NatWest's report on young worker financial capability, which makes recommendations for the financial education of young adults in the workplace [5.3]. MaPS also used the research [3.1 and 3.2] "in framing the What Works Fund", a GBP11.3m programme that led to "several interventions targeted at 1000s of young adults aged 25 and under in a variety of post-school settings and demonstrated measurement of improved financial capability/wellbeing" [5.1]. The then Chief Executive confirmed in a press release that the research [3.1 and 3.2] was "a valuable input to our strategy for improving financial capability across the UK" [5.4].

The research [3.1 and 3.2] subsequently informed the case for MaPS to co-fund with NESTA a GBP2.8M Covid-19 Rapid Recovery challenge with funds targeted at 16-24 year olds trying to establish themselves in the labour market [5.1].

Harrison et al's findings identifying poor financial planning and lower confidence of students in managing money [3.2] was cited as evidence in MaPS's response to the Treasury Select Committee's Student Loans Inquiry, in which they called for "increasing maintenance-loan payments to monthly in place of termly instalments" in an effort to "increase confidence, resilience and financial capability among the student population" [5.5].

### **Impact on Young Enterprise**

In 2017, research highlighting the need for post-16 financial education and support for teachers [3.1 and 3.2] led Young Enterprise to develop financial education training for teachers of post-16 school pupils. The impact of the training was tested and evaluated with over 120 schools and 3,500 students [5.10]. Young Enterprise commissioned Harrison and colleagues to work with them, MaPS (the funder) and Ipsos MORI to evaluate the impact according to an externally agreed evaluation framework [3.4]. Resulting from the analysis and insight [3.4], the Director of Programmes and Services confirms that "Young Enterprise re-categorised the support we provide to schools into three tiers: High quality tools and resources; Professional development opportunities; In-school support" [5.6]. This framework of support, along with insight from the research that highlighted the need to support both parents and teachers as the key financial education influencers [3.1 and 3.2], also underpinned the development of an online *Money Heroes* programme providing support for teachers and parents to teach young people about money, launched by Young Enterprise in November 2020.

### **Impact on young adults**

Findings from Harrison et al's research [3.1 and 3.2] led Young Enterprise to develop teacher training in financial education, that reached over 3500 young people. Their evaluation found that students receiving education from teachers trained through this programme developed significantly better financial capability outcomes [5.6, 5.7, 5.8, and 5.9]. The Director of Programmes and Services at Young Enterprise observed: "Young people who were taught by trained teachers were found to be more confident in budgeting and using budgeting tools (59% compared to 30% before the intervention), have an improved understanding of where to go to for financial advice (67% compared to 35% before the intervention), and were more likely to have started saving (54% compared to a national benchmark of 37%)." [5.6]

### **Impact on policy and practice for teacher professional development**

The research highlighting the need to support teachers in delivering financial education [3.1 and 3.2], and subsequent evidence of its value [5.6, 5.7 and 5.8, 5.9], "has led to further funding of a sustainable teacher training pilot within Wales and has prominence within the new UK National Strategy for Financial Wellbeing" [5.6]. The 'Wales Pathfinder', funded by MaPS in collaboration with the Welsh Government, aims to identify a scalable and sustainable model for teacher professional development with the aim of mainstreaming financial education for all. It is key to achieving the goal in the new UK National Strategy for Financial Wellbeing that 2 million more children and young people receive a meaningful financial education by 2030. The Director of Programmes and Services at Young Enterprise noted, in relation to the research [3.2], that "the

prominence of teacher training as an intervention [*in the Strategy*] is largely a result of this study.” [5.6]

#### 5. Sources to corroborate the impact

- 5.1. Testimonial from Senior Policy & Propositions Manager, Money and Pension Service
- 5.2. Testimonial from Financial Capability Manager, Money Advice Service
- 5.3. Natwest Financial Capability and Young Workers Report, March 2018:  
[http://cdn11.contentlive.co.uk/ae55bc34ec5147398b06559ca88fdf3f:static/pdf/5434\\_fincap-report-final.pdf?versionId=bFizFQ3f0Bp2evxeEHWID6seLQNVNayb](http://cdn11.contentlive.co.uk/ae55bc34ec5147398b06559ca88fdf3f:static/pdf/5434_fincap-report-final.pdf?versionId=bFizFQ3f0Bp2evxeEHWID6seLQNVNayb) [Professor Harrison is acknowledged as contributor and the report lists the research [3.2] in the sources. References to the research are cited on page 6 as ‘existing research’ and ‘supports the findings of existing reports’ which directly feeds into recommendation 1.
- 5.4. Money Advice Service Press Release 1st Sept 2016.  
<https://www.moneyadviceservice.org.uk/en/corporate/press-release--young-adults-lack-plans-to-reach-their-financial-goals>
- 5.5. House of Commons Treasury Select Committee, Student Loans, Seventh report of 2017-2019. 18<sup>th</sup> February 2018. HC 478.  
<https://publications.parliament.uk/pa/cm201719/cmselect/cmtreasy/478/47802.htm> [See Published Written Evidence by the Money Advice Service (STL0042), paragraphs 2.11 to 2.14:  
<http://data.parliament.uk/WrittenEvidence/CommitteeEvidence.svc/EvidenceDocument/Treasury/Student%20Loans/written/76046.html>]
- 5.6. Testimonial from Director of Programmes and Services, Young Money/Young Enterprise
- 5.7. Train teachers to deliver financial education, Education Business, 18<sup>th</sup> November 2019  
<https://educationbusinessuk.net/news/18112019/train-teachers-deliver-financial-education>
- 5.8. Young people are less likely to fall victim to fraud if they have teachers trained in financial education, Moneywise Magazine, 22<sup>nd</sup> November 2019.
- 5.9. Beyond the Business School: Research in Action film <https://www.business-school.ed.ac.uk/research/collaboration/video>