Consultation on the English portion of dormant assets funding: consultation questionnaire

Submission by The Financial Inclusion Centre

About The Financial Inclusion Centre

The Financial Inclusion Centre is an independent, not-for-profit policy and research group (www.inclusioncentre.org.uk). The Centre's mission is to promote a financial system and financial markets that work for society. The Centre works at two main levels:

Promoting system level change

Research and policy development to promote sustainable, resilient, economically and socially useful financial markets that: benefit the environment; encourage responsible corporate behaviours and create a positive social impact; and efficiently allocate long term financial resources to the real economy.

Ensuring households' core financial services needs are met

Promoting fair and inclusive, efficient and competitive, well-governed and accountable, properly regulated financial markets and services that meet households' core financial needs. We do this by undertaking research into the causes of market failure in the sector, formulating policies to address that market failure, developing alternative solutions where the market cannot deliver, and campaigning for market reform.

Due to the nature of our work, we have restricted our submission to the questions on financial inclusion. For further information on our work in this field or on this specific submission please contact:

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Questions on respondents

1. Are you responding as an individual or on behalf of an organisation? *(select only one)*
   - Individual [skip to Q10]
   - Organisation [continue to Q2] **X**
2. What is the name of your organisation?

   [The Financial Inclusion Centre]
3. What type of organisation do you work for? *(select only one)*
   - Academic think-tank
   - Business or private sector
   - Civil society (charity etc.) **X**
   - Public sector body
   - Other [textbox with a 50-character limit]
4. Is your organisation a current or prospective participant of the Dormant Assets Scheme? (select only one)
   - Yes [continue to Q5]
   - No [skip to Q6] **X**
5. In which sector(s) does your organisation operate? [Regardless of the answer, then skip to Q7]
   - Banks and building societies
   - Insurance and pensions
   - Investment and wealth management
   - Securities
6. Please select the primary sector in which your organisation operates. (*select only one)* [Regardless of the answer, then continue to Q7]
   - Agriculture
   - Business support consultancy
   - Community development
   - Creative industries
   - Culture and leisure
   - Domestic services/cleaning
   - Education and skills development
   - Employment and skills
   - Environmental
   - Financial support and services **X**
   - Healthcare
   - Hospitality
   - Housing
   - IT
   - Manufacturing

- Retail
- Social Care
- Transport
- Utilities (energy)
- Workspace/room hire
- Other [textbox with a 50-character limit]

7. Does your organisation operate in England? *(select only one)*
    - Yes [Continue to Q8] **X**
    - No [Skip to Q9]
8. Where does your organisation operate? *(select only one)*

    [Regardless of the answer, then skip to Q13]
    - Multiple English regions **X**
    - East Midlands
    - East of England
    - London
    - North East
    - North West
    - South East
    - South West
    - West Midlands
    - Yorkshire and the Humber
9. Where does your organisation operate? *(select only one)*

    Please note that this consultation will help inform government decisions on the Dormant Assets Scheme in **England only**. [Regardless of the answer, then skip to Q13]
    - UK-wide and/or internationally **X**
    - Northern Ireland **X**
    - Scotland **X**
    - Wales **X**
10. Do you live in England? *(select only one)*
    - Yes [Continue to Q11]
    - No [Skip to Q12]
11. Where do you live? *(select only one)*

    [Regardless of the answer, then skip to Q13]
    - East Midlands
    - East of England
    - London
    - North East
    - North West
    - South East

- South West
- West Midlands
- Yorkshire and the Humber

12. Where do you live? *(select only one)*

    Please note that this consultation will help inform government decisions on the Dormant Assets Scheme in **England only**. [Regardless of the answer, then continue to Q13]

    - Northern Ireland
    - Scotland
    - Wales

13. Do you want your response to be treated as confidential or do you agree for your answers to be quoted on an anonymised basis? *(select only one)*

    - I want my response to be confidential
    - I agree for my answers to be quoted on an anonymised basis **X**

Section 2 - Financial inclusion

This section seeks views on one of the three causes currently supported by the Dormant Assets Scheme in England: the development of individuals' ability to manage their finances or the improvement of access to personal financial services (referred to as "financial inclusion" for simplicity).

For more information, please refer to chapter 4 of the consultation document.

Questions

16. To what extent do you agree or disagree with the following statement?

    "Financial inclusion should remain a cause of the Dormant Assets Scheme in England". *(select only one)*

    - Strongly agree **X**
    - Agree
    - Neither agree nor disagree
    - Disagree
    - Strongly disagree

17. Please explain the reasons for the answer you have given.

    (open answer)

The Financial Inclusion Centre strongly agrees that financial inclusion should remain a cause of the Dormant Assets Scheme in England. Significant progress has been made in extending access to basic transactional bank accounts. But, we have made limited progress towards achieving the other goals of financial inclusion and resilience – that is, building savings; expanding access to affordable, socially useful credit and insurance; and meeting the need for advice and support on financial issues.

The failure to build financial inclusion and resilience has meant that, at the individual level, financially vulnerable households and individuals have been exposed to ongoing financial problems such as being unable to pay for essentials such as household bills or emergency needs such as replacing basic goods such as a cooker.

Financially vulnerable households can be caught in a vicious cycle. Low levels of savings, lack of insurance, or affordable and accessible credit options to cover emergency costs contributes to over-indebtedness and/ or forces households to turn to damaging high cost/short term credit. This in turn makes it harder to save against future needs – and so on.

As well as individual level vulnerability, failure to build resilience and inclusion has left groups exposed to the wider economic shocks created by recurring crises (the 2008 financial crisis, the economic crisis caused by Covid, and most recently the cost of living crisis).

Financially vulnerable individuals find their independence and life choices restricted due to lack of resources and viable options, often trapping them in dangerous circumstances. Financial exclusion and vulnerability, and associated money worries, contributes to wider social problems such as poor mental and physical health, family breakdown, and undermining workplace productivity.

Defining financial inclusion and resilience

The Financial Inclusion Centre defines financial inclusion and resilience as households:

- Being able to participate fully and fairly in the financial system;
- Having the necessary financial resources to withstand financial shocks, and provide the financial freedom to avoid harmful financial circumstances and make positive life choices; and
- Having access to appropriate products and services that meet their core financial needs.

The core elements of inclusion and resilience are: accessible transactional banking and payments; savings to provide a cushion against adverse economic conditions such as loss of income and support financial independence; accessible savings and affordable basic insurance to protect against financial shocks (for the person and/or family); access to fair and affordable socially useful credit at the appropriate time; and access to debt and money advice to provide support on managing finances and financial issues. There is a separate but connected issue relating to long term financial security such as retirement planning. The data on each element of financial resilience and inclusion is worrying.

When thinking about financial exclusion, The Financial Inclusion Centre categorises households into two broad categories – those who:

- Are unlikely ever to be viable for mainstream financial services, will face permanent exclusion and, therefore, need alternative solutions; and
- Could be included if the market was: operating more efficiently; more accessible; better designed; or treated people more fairly.

The primary cause of financial exclusion and vulnerability is poverty and low/ unstable incomes. But, the other major contributory factors are:

- The limited availability of support systems to help households build financial resilience and manage finances.
- Market or structural barriers to financial inclusion that make it very difficult for mainstream financial services to meet the needs of excluded households on terms that make economic sense for both the industry and households. Mainstream, market based financial services can, of course, provide financial products to financially vulnerable households – at a price. See: Protected characteristics and the poverty premium – Fair By Design Commercial business models may work under poorly regulated conditions but fail once firms are expected to treat people fairly. Fourteen hundred consumer credit firms were either refused authorisation or withdrew their application since the Financial Conduct Authority (FCA) began regulating consumer credit in 2014. Consumer credit companies shrink after FCA crackdown | Financial Times A major barrier is cost of distribution – that is, the cost of reaching underserved, hard-to-reach households who are economically unviable or unattractive for the for-profit financial sector.
- Market practices such as preferential or risk-based pricing used to segment households into profitable/ unprofitable and/or high risk/low risk groups. The emergence of fintech and big data makes it even easier, and provides more of a commercial imperative, for commercial

financial services to segment households with even more precision or exploit behavioural biases. See: Fintech – beware of 'geeks' bearing gifts? | The Financial Inclusion Centre

- Poor design and unfair treatment. This can make mainstream financial services inaccessible to groups with certain characteristics, deter people and cause them to self-exclude from mainstream financial services. See the work of Fair By Design Inclusive Design in Essential Services – Fair By Design
- Absence of a critical mass of alternative, socially useful financial products and services. Alternative providers lack the resources or capacity to: i. scale up ideas; ii. reach underserved groups (due to the same cost of distribution barriers); and iii. compete with commercial providers with deep pockets operating in the same market/ competing for the same customers (payday lending and now buy now, pay later are prime examples of that).

Key data

As mentioned, significant progress has been made on extending access to basic payments and transactional banking. But, little progress has been made on the other elements of inclusion and resilience. Therefore, we focus on those in our submission.

Twenty one percent of adults in England have less than £100 in savings, with twenty four percent needing to borrow money to pay an unexpected bill of £300. Currently, 18 percent of adults in England (around 8 million adults) often use credit for food and bills. england-delivery-plan-february-2022.pdf (moneyandpensionsservice.org.uk) It is estimated that around 11 million people are likely to be excluded from mainstream sources of credit. Microsoft Word - 201203_Woolard Review_Fair4All Finance response.docx Sixty percent of households earning £15,000 or less per annum have no contents insurance cover. IFoA_Hidden_Risks_of_Being_Poor_Aug_21_v09.pdf (fairbydesign.com)

The FCA estimated that, before Covid hit, 10.7 million UK adults could not withstand a £50 reduction in monthly income. Between March and October 2020, the number of adults with low financial resilience increased by 3.5 million from 10.7 million to 14.2 million. Financial Lives 2020 survey: the impact of coronavirus | FCA Those with low financial resilience now account for a quarter (27%) of adults.

There are well documented differences at regional and local level. See for example this report which analyses the differences in poverty and over-indebtedness between the regions and local authority areas of the UK. Brexit and the Regions | The Financial Inclusion Centre

Over four million individuals have a County Court Judgment (CCJ) – this equates to one in 13 adults. There are significant differences in the numbers and rates of CCJs registered at local authority level. Local authorities with high private rents correlate with high rates of CCJs amongst the population. Similarly, local authority areas with higher rates of Universal Credit take-up saw higher rates of CCJs. The likelihood of getting a CCJ is four times greater for people living in the most deprived local authorities in the country compared to those living in better off areas. There is a strong positive correlation between higher rates of CCJs and higher levels of over-indebtedness and lower levels of disposable income. Registry_Trust_vulnerable_household_report_January_2022_FINAL (9).pdf

Certain groups face greater levels of financial vulnerability and need targeted, sustained support and interventions, including: Black, Asian, and other minoritised ethnic communities, single parents, people with disabilities, and private renters.

For example, Bangladeshis, Black Caribbeans and Black Africans have the lowest levels of savings to provide a financial cushion if they lost their jobs. Just 30 percent of people in those communities live in households with sufficient savings to cover one month of income. Are-some-ethnic-groups-more-vulnerable-to-COVID-19-than-others-V2-IFS-Briefing-Note.pdf Minority ethnic groups are less likely to have insurance compared to their white counterparts. According to the FCA's Financial Lives 2020 Survey, 27 percent of Black and Black British households did not have any form of general insurance, compared to 10 percent of their white counterparts. Similarly, minority ethnic groups were 2.2 times more likely to report being behind with their bills than their white counterparts during the Covid lockdown. Intersecting ethnic and native–migrant inequalities in the economic impact of the COVID-19 pandemic in the UK - PMC (nih.gov)

In June 2022, it was reported that 4.6 million low-income households (40%) were behind on at least one bill – up by 20% since October 2021. New evidence of the 'year of financial fear' being endured by UK's low-income families | JRF Households on Universal Credit (UC) are particularly financially vulnerable. The financial outlook is poor for over eight in 10 (83%) of households receiving UC – this equates to around 3.4 million households in total. Nearly three times as many UC households struggle to pay for food and/or bills (42% compared with 15% of all working age UK households), and twice as many have to borrow to pay for essentials (35% compared with 16%). Universal Credit - households facing severe financial hardship (financialfairness.org.uk)

Single parents' finances have been hit hardest by the impact of the Covid economic shocks Single parents' finances hit hardest by the pandemic ahead of a difficult winter | YBS They are also likely to be disproportionately affected by the cost of living crisis. Their financial position will also make it more difficult to build up a savings cushion or obtain affordable insurance to create financial resilience and freedom.

There is a link between domestic abuse, lack of financial freedom and financial abuse. The Domestic Abuse Act recognises that financial abuse plays a role in exerting control over victims and constraining their freedom to leave abusive relationships. Comprehensive data is difficult to obtain but a 2015 survey produced by the Co-op and Refuge found that as many as 1 in 5 women had experienced financial abuse at some point in their lives. The FCA undertook desk research of existing literature, which suggests that victims are more likely to be single parents, people with disabilities and/or on a low income. The hidden harm of financial abuse | FCA Insight Supporting women to build savings in their own right would help with financial freedom.

There is a well-documented relationship between mental health and financial exclusion/problem debt creating a vicious cycle where people facing mental health problems are more likely to experience financial difficulties which then causes further anxiety, and so on. People with mental health problems were: three times more likely to have fallen into problem debt than the general population (15% compared to 4%); more than twice as likely to have relied on credit or borrowing to cover every day spending — for example, on food or heating (26% compared to 11%); and more likely to have had no savings to help them cope with emergencies – one in four people with mental health problems say they have no savings that they could use in emergencies (compared to 18% of the wider population), and nearly half (46%) say they can't afford to save money regularly. Forty four percent of UK adults with mental health problems who fell behind on bills last year either considered or attempted to take their own life. The State We're In - Money and Mental Health Other research with people taking debt advice found that 36 percent had considered or attempted suicide before getting help. CAP UK | Client report: On the edge

As mentioned, over four million individuals have a CCJ. Yet only 16 percent of CCJs on the Register of Judgments are marked as 'satisfied' (settled in full, with proof of payment sent to the courts by the defendant). The proportion of CCJs marked as satisfied has been falling. The financial anxiety caused by dealing with problem debt can make it difficult for people to remember to notify courts with proof of payment that a debt has been settled. What does 2022 hold for financially vulnerable households in the UK? (registry-trust.org.uk)

There is a clear link between disability and financial exclusion. Recent research published in 2022 found that the poverty rate for people with a disability was one-third (32%) compared to 20 percent for non-disabled people. This gap has been consistent. Comparing poverty rates for disabled and non-disabled people | JRF Disabled people can face additional costs related to their disability. This has been estimated as amounting to around £550 a month. This makes it even more difficult for households to build up savings, and financial resilience and independence. House of Lords - Tackling financial exclusion: A country that works for everyone? - Select Committee on Financial Exclusion (parliament.uk)

Another group of people who are particularly vulnerable are private renters. They are much more likely to be over-indebted than homeowners - nearly twice as likely as those with a mortgage, and five times as likely as those who own outright - and to have debts worth six months of their income (the proportions with this level of debt are 10%, 6%, 2% respectively) The Debt Effect.pdf (citizensadvice.org.uk)

What can be done to promote financial inclusion and resilience?

The impact of the cost of living crisis on financially vulnerable households, following on so closely from the financial shock caused by the Covid pandemic, creates a major challenge for policymakers and government, civil society organisations, and other stakeholders. We break this challenge down into three phases:

- **Emergency phase** The need for temporary support measures to protect the most vulnerable households from the immediate effects of the cost of living crisis. Protecting the most vulnerable households from the immediate cost of living crisis requires social policy interventions from the government and regulators - for example, extending access to effective debt advice, direct financial support, debt write-offs, capping energy prices, social tariffs, or cross subsidies and so on.
- **Recovery phase** Even when the economy begins to recover, it can take some time before this feeds through into a recovery in household finances. So, support measures will be needed to help households recover their finances back to 'square one' and to keep them included in the financial system.
- **Restructuring phase** Providing emergency support for financially vulnerable households is a priority. But we cannot lose sight of the need to help households restructure their finances and help build financial resilience against future financial shocks which will surely come. Critical to this is ensuring households have access to the right support, advice, and information to make the right decisions and that financial services are restructured to be inclusive so that excluded, underserved households have access to the financial products and services they need.

There are a number of ways to ensure households have access to the products and services they need. The government and regulators could impose financial inclusion obligations on the financial services industry. But there is little expectation of this happening.

The culture of financial services and design of financial products and services could be improved. The Financial Conduct Authority is already prioritising this through its new Consumer Duty. Charities such as Fair by Design are also working with stakeholders on trying to improve design of financial products and services.

Financial regulators could try to make mainstream financial services more efficient and competitive so that it is able to bring more excluded groups within its reach. However, there is not much evidence to support this as a strategy, even with the emergence of fintech.

Similarly, policymakers and regulators could try to improve the 'demand side' – that is, raising levels of financial capability (education and confidence) so that more people self-include into the financial system or find their way to the best options on the market. Again, there is not much evidence that financial education programmes across the board have had a significant impact on improving consumer behaviours. But, there is evidence that targeted programmes deliver benefits – see below for details on the work of the Consumer Council of Northern Ireland (CCNI).

Key to the challenge is harnessing institutions and organisations that have an established relationship with hard-to-reach households – see below. The institution that already has an established administrative relationship with and reaches underserved, lower income households is the state itself – whether centrally through the DWP and HMRC, or local authorities through housing and council tax. This is a much underexplored option. See: Financial-Inclusion-Centre-Covid19-Extraordinary-times-need-extraordinary-measures-May-2020.pdf (inclusioncentre.co.uk)

However, given that there is not much sign that those more interventionist options will be considered, the focus is on non-profit, third-sector, or quasi-market solutions. We see the priorities for the Dormant Assets Scheme as interventions to:

- Help vulnerable households build savings to create a financial cushion;
- Promote access to affordable credit;
- Promote access to affordable, basic insurance; and
- Expand access to advice, support, and information including debt advice, and help with navigating financial and social security systems (a cause of financial hardship and therefore exclusion is the difficulty many people face trying to navigate social security systems to apply for support such as Personal Independence Payments).

Alternative solutions are needed. Over the years, there has been no shortage of innovative product ideas or technology solutions developed to tackle financial exclusion. Similarly, there are many examples of effective non-profit initiatives which have made an impact but, so far, on a small scale or been limited to a regional/ local level.

The challenge is selecting the most effective interventions to ensure the best ideas and initiatives reach as many excluded or underserved people as possible. The interventions (or combination of interventions) The Financial Inclusion Centre favours are:

- **Sustainable resources** The most obvious to is increase the amount of available, sustainable resources to turn ideas into practice, develop capacity in non-profit organisations, or to provide direct capital support (for example, for on-lending by non-profit lenders, or underwriting basic insurance).

- **Trusted intermediaries** As outlined above, there are structural barriers that make it very difficult for mainstream, for-profit providers to reach and serve financially excluded groups. But, social entrepreneurs who develop alternative solutions also face those same economic and distribution barriers when trying to reach excluded groups. A common theme in The Financial Inclusion Centre's approach is the need to better utilise trusted intermediaries (employers, social housing providers, local authorities, trades unions, schools, higher education facilities and universities etc) who already have established, or can establish, relationships with underserved, hard-to-reach groups. This provides a ready route to market and reduces the economics of distribution so that good product ideas can benefit as many people as possible. And it is not just product ideas which fail to get to the target market. There is a great deal of good quality, potentially helpful advice and information relating to financial matters already available but which is not reaching people who need it. We see real merit in dedicating resources to helping social entrepreneurs/ non-profit organisations establish partnerships with trusted intermediaries to reach target groups with products, and advice and information.
- **Ideas into action:** There already is a great deal of research and development on ideas undertaken by civil society (and supported by various agencies) but which end up 'sitting on the shelf' and never get to the target market. As outlined above, alternative providers face real challenges trying to reach underserved groups and compete with commercial providers with the resources to market and distribute their products (products which can even be worse value than those provided by alternative providers). We see merit in creating a dedicated resource to help the best innovations and ideas reach the intended market (for example, establishing partnerships – see above), scale up successful local solutions, spread best practice, and help alternative providers develop the best business models.
- **Behavioural interventions:** As outlined above, conventional financial capability initiatives have not had a significant impact in bringing excluded people into the financial system or encouraging positive financial behaviours at scale. But, there are more direct interventions which have been shown to promote positive behavioural change (and improve business models). Payroll savings and deduction-at-source loans are examples of this – see below.
- **Quasi-market solutions/ partnerships:** The Financial Inclusion Centre believes there is scope for greater use of quasi-market models and partnerships to share risks between the state and mainstream financial services industry to make financial products and services aimed at excluded groups viable, more affordable and accessible. The Flood Re model currently operating in the insurance market is an example of this. To some degree, the No Interest Loans Scheme (NILS) is also an example of that. But, this model (with the state/ mainstream industry underwriting some or all of the risk and non-profit organisations distributing products) could be expanded to other areas.

Below, we have included some practical examples of how these interventions could be used to meet priority financial needs.

Building a savings cushion

Interventions such as payroll savings have been shown to be effective at helping households build savings and financial resilience, and in doing so reduce levels of financial anxiety. These interventions also produce benefits for employers by reducing workforce anxiety and help community lenders such as credit unions enabling them to expand access to fair, affordable loans. See: Getting Workforces Savings-Payroll Savings with Credit Unions | The Financial Inclusion Centre

The key now is to support non-profit organisations in raising awareness of, and persuading employers to provide access to, payroll savings schemes in England. There are lessons to be learned from other parts of the UK. For example, the new charitable community interest company Action for Financial Inclusion (AfFI)[1] has been working with two of Scotland's leading credit unions, Capital in Edinburgh and Scotwest in the west of Scotland, on a programme called *Work and Save – Scotland* to expand the take up of payroll savings. So far, thirteen large or high profile employers in Scotland have been signed up to. As a result, more than 100,000 employees have access to payroll savings. The Financial Inclusion Centre recommends a similar partnership approach being adopted and supported in the regions of England.

Interaction with employers is not the only way to support financially vulnerable households trying to build a savings cushion and financial resilience. For example, we would argue that debt advice charities should 'nudge' and help clients coming off debt repayment plans (DRPs) to use the payments hitherto used for the DRP to open a regular savings account with a local credit union.

Access to affordable credit

With regards to access to credit, there needs to be an honest and pragmatic conversation about credit provision for low-medium income households and their lack of affordable credit options.

We recognise that for people in the most difficult financial circumstances, increasing access to formal debt solutions arranged by debt advice charities and/or access to local authority welfare grants/social fund would be the best policy response. Providing access to credit, no matter how affordable, would *not* be appropriate.

But, credit, provided at the right time, in the right place, and on the right terms must be part of the package of measures to address the effects of the cost of living crisis and ongoing financial exclusion. Access to fair and affordable credit can be both a safety net in difficult times and a bridge to financial inclusion and resilience.

Expanding access to fair and affordable credit can be supported in a number of ways. Critical to the challenge is finding ways of reducing the unit costs of reaching and serving hard-to-reach households who need short term, comparatively low value loans which may be economically unviable or unattractive for the for-profit consumer credit sector.

As outlined above, expanding access to payroll savings would help community lenders such as credit unions reach more low-medium income workers. Key to this is the way that loan repayments are deducted at source from wages. This helps borrowers, and reduces the risk and administrative costs for credit unions. This deduction-at-source approach could be applied to Child Benefit Loans to help people who are not in work particularly if combined with initiatives such as the No Interest Loans Scheme (NILS).

Support could be provided to expand the operations of the other main form of non-profit lender – responsible finance providers otherwise known as community development finance institutions (CDFIs). The key here is to increase the availability of sustainable resources for these institutions to provide affordable loans. One option would be to establish and grow Social Lending Bonds (SLBs) to

[1] AfFI was set up to turn policy and research ideas generated by The Financial Inclusion Centre into action [Action for Financial Inclusion (affi.org.uk)](affi.org.uk)

channel institutional resources to responsible finance providers. For details of Social Lending Bonds see Section 5: britains-debt-final-report.pdf (inclusioncentre.co.uk)

Linked to expanding access to affordable credit, there is potential for expanding access to innovative solutions which help households purchase essential goods on affordable terms. These alternatives need access to sustainable financial resources and other support such as partnership with stakeholders if they are to grow to their potential. See: Better and Brighter-Responsible Rent to Own Alternatives | The Financial Inclusion Centre

Access to affordable insurance

Insurance has been very much the 'Cinderella' of financial inclusion compared to banking, savings, and credit. There has been very little work done to improve access to affordable basic insurance. There are major supply side issues with insurance including the economic costs involved in serving hard to reach, underserved households and the prevalence of risk profiling in the sector. These barriers cannot be fully addressed without social policy or regulatory interventions.

But, there are options for at least partially addressing the insurance gap involving civil society, intermediary organisations such as housing associations/ local authorities, and partnerships with the insurance sector.

There is potential for a basic, low-cost insurance product to cover essential risks. As ever, the economics of distribution and risk pricing is key. It is worth exploring options such as: a signposting service to specialist providers; partnerships with social housing providers; default mechanisms along the lines of pensions/ payroll savings autoenrolment; insurance with rent schemes; or civil society working with the insurance industry to establish a 'carousel' system (where major insurers take it in turn to cover higher risk households) or working with the industry and government to establish a Flood Re type system where the industry and state share underwriting risks.

Access to support, advice, and information

The fact that charities report that so many clients have considered or attempted suicide before seeking advice (see above) is very worrying. The current cost of living crisis will no doubt exacerbate pressures facing vulnerable people and highlights the need to expand access to *emergency* financial support, advice, and information.

In addition, as outlined above, financially excluded households will need support, advice, and information to recover and rebuild their finances, and to pre-empt and prevent future problems.

Ensuring debt advice and other support charities are sufficiently resourced to provide the necessary emergency support is outside the scope of this response.

Nevertheless, The Financial Inclusion Centre believes that much more proactive approach should be adopted to take emergency and pre-emptive support, advice, and information to those who need it, rather than rely on those in need finding their way to charities that provide support.

There is already a large body of good, accessible advice and information material available from public organisations such as the Money and Pensions Services (MaPS) and third sector/ civil society organisations. But, that material is underused. As with product ideas, the challenge is how to get the available support to people who need it.

Therefore, The Financial Inclusion Centre recommends that financial resources be deployed to proactively disseminate financial support, advice, and information to people via trusted intermediaries.

This could be done either by utilising the AfFI model working with employers (see above) and other trusted intermediaries or setting up regional networks of community money advisers.

A model for this is the work the Consumer Council of Northern Ireland (CCNI) is doing as part of the Illegal Money Lending project funded by HM Treasury. CCNI has been operating a programme with community organisations to deliver a Safer Finances Programme in those communities most at risk from illegal money lending.

This model could be adapted to create a network of community money advisers to deliver to communities (workplace-based, social housing residents, trade unions, schools and universities, and so on):

i. emergency support (during periods such as the cost-of-living-crisis); and
ii. support with building financial resilience.

As mentioned, the emphasis here is on taking support to communities, rather than wait for them to find their way to that support.

Section 6: Public Sector Equality Duty

This section invites views on the potential positive and/or negative impacts the decisions taken in response to the options in this consultation could have on groups with protected characteristics.

The public sector equality duty is a duty on public bodies to consider or think about how their policies or decisions affect people who are protected under the Equality Act. Protected characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

31. Do you have any comments about the potential positive and/or negative impacts that the options on the broad purposes of the Dormant Assets Scheme in England outlined in this consultation may have on individuals with a protected characteristic under the Equality Act 2010?

    - Yes [continue to question 32] **X**
    - No [skip to question 33]

32. Please explain what you think these impacts (both positive and/or negative) would be.

As we explain in the answers to questions on financial inclusion, groups with protected characteristics are disproportionately affected by financial exclusion and experience greater financial vulnerabilities than the general population. One of the defining principles of economic and social justice is that the more vulnerable or disadvantaged a group is, the more support, rights, and protections they should have. We would argue that groups with protected characteristics are deserving of sustained and targeted interventions to promote financial inclusion and resilience, which if delivered properly would by definition, benefit these groups.

33. In your view, is there anything that could be done to mitigate any negative impacts?

    - Yes [continue to question 34]

- No [end of the consultation]

34. Please specify what you think could be done to mitigate the negative impacts.

(open text)

[end of the consultation]