Fairbanking Ratings:
Reaching for the Stars

"Enables me to have 'savings pots' for different uses."

"I can now see what's happening at a glance."

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for your financial well-being

"It's not as sloggy as typing up a spreadsheet, this was click and go."

"I can see where I'm going wrong with my spending."

"Without these texts a lot of customers would be in a muddle."

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About The Fairbanking Foundation:

The Fairbanking Foundation is a charity dedicated to encouraging and helping banking institutions to improve the financial well-being of their customers and thereby the UK public as a whole. Our work is designed to provide well-researched, independent and insightful new input to assist in producing financial products that benefit customers. In 2011 the first Fairbanking Marks were granted for products that have features which help customers alter their financial behaviour. In 2013, the Fairbanking Foundation became the first certification body in the UK to be accredited by the UK Accreditation Service for meeting international standards.

More information about Fairbanking can be found at **www.fairbanking.org.uk** and enquiries can be sent to **info@fairbanking.org.uk**.

Written by Antony Elliott, Chief Executive, The Fairbanking Foundation
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Fairbanking Ratings:
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Executive Summary

This is the third ratings report published by the Fairbanking Foundation, following those issued in 2010 and 2011. It reviews five core banking product types to determine the extent to which each product reviewed includes features that, when used by the customer, are likely to improve his or her level of financial well-being. This latest report is the first to include personal loans.

The ratings in this report are based on the results of a survey completed this year by 58% of the 55 banking institutions to which it was sent, with the products of those not responding included through assessment of publicly available information. Five of the top six institutions did respond fully to the survey, so the majority of the market was indeed covered.

Overall, the Foundation is very encouraged by the extent of improvement identified in this our latest report. In stark contrast to our first report in 2010 when results were so poor that many US product examples were used, and the 2011 report which showed only marginal improvement, this 2013 report shows significant product improvement from a variety of institutions.

The Fairbanking Ratings shown in this report indicate which products have the potential to gain a Fairbanking Mark – a formal certification resulting from an accredited process using internationally recognised standards. The Foundation only awards these Marks to products that have been successfully put through a thorough examination of a product, including an independent survey of substantial numbers of the customers of the product.

Regular Savings: In this product category, RBS/NatWest has taken over from the Saffron Building Society as provider of the most highly rated offering, its 'Your Savings Goal' product has just achieved the first ever 5 star Fairbanking Mark accreditation. Also encouraging is an average score of 'potentially 3 stars' for the top 10 products in this category, a vast improvement on the same measure just 3 years ago.

Current Accounts with an Overdraft: Again, there has been marked improvement, with Lloyds Current Account with Money Manager retaining its leading position, moving from a potential 3 star to potential 4 star rating. Although the average score of the top 10 products in this category remains outside a potential star rating, it has nonetheless improved markedly, with the Barclays product making the biggest move.

Current Accounts without an Overdraft: This category enjoyed further strengthening since the last report with the two leading players – Secure Trust Bank and thinkmoney – both obtaining a 4 star Fairbanking Mark accreditation in 2012 with two quite different products. Secure Trust Bank's product takes over as the highest rated in this category, with the potential to gain the category's first 5 star rating.

Credit Cards: There has been considerable change in the category's scoring methodology, which makes it impossible to compare ratings results over time. However, there is clear evidence of big improvement with the top 10 products now scoring an average of a potential 3 star rating. Barclaycard remains the leader, with a product offering the most relevant features, scoring a potential 4 star rating.

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Personal Loans: This report is the first to include the Personal Loans product category, so it is not possible to assess the extent of improvement over recent years. In fact, the Lending Code and considerable consensus around business practices have conspired to leave little product differentiation in features to help customers, which is of some concern to the Foundation. It is notable that the most encouraging innovation on behalf of the customer's interest has come from new entrants RateSetter and Zopa.

The Foundation believes that the results contained in this report reflect a picture of an industry trying hard to improve its performance on behalf of its customers, albeit from a very low base even just a few years ago. Although there is still huge room for improvement amongst the majority of products on offer, the extent of positive change is both widening and accelerating. There is now strong evidence that the transparency of relative product strength that the Foundation's work has introduced is acting as a crucial catalyst for change and we look forward to this building further over time.

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1. Introduction

Fairbanking Ratings measure the extent to which a financial product includes features that, when used by the customer, are likely to improve his or her level of financial well-being.

This is the third ratings report published by the Fairbanking Foundation. The first report was published in 2010[1] and the second in 2011[2]. It is more than two and a half years since the Foundation carried out the survey upon which the 2011 report was based.

In the latest survey, five products are covered – regular savings, credit cards, personal loans and current accounts (with and without an overdraft facility). It is the first time that personal loans have been included.

The latest ratings are based on a survey sent to 55 banking institutions. The Foundation received a response from 32 of those institutions – or 58% of those approached (27 institutions in 2011). Respondents included five of the top six UK banking organisations (Barclays, HSBC, Lloyds Banking Group, RBS/NatWest and Santander) – meaning that most of the market is covered. However, of major institutions, the Nationwide did not participate owing to "other priorities". The participants are detailed in Appendix 4. If possible, where there was no response, a rating has been calculated from publicly available information, primarily websites. In addition, 16 credit unions completed the survey.

In the Foundation's first report back in 2010, it was difficult to find examples of products with helpful features; as a result, it was necessary to use a number of US examples. The second report showed marginal improvement. The present report shows significant product improvement from a variety of institutions and is really very encouraging.

The financial products covered in the survey for this report may qualify for the Fairbanking Mark. The Mark is a certification resulting from an accredited process using internationally recognised standards. It includes consideration of all aspects of the product, not just features designed to assist with money management. A high rating in this report is an indicator of potential for being granted the Fairbanking Mark.

The need for a "quiet revolution" in retail banking is described in a report being published simultaneously with this one[3]. A "revolution" is needed because it is clear that a more ethical approach is required by banking institutions. "Quiet" because if banking institutions were to make too much of their increasingly ethical stance, they would be greeted with considerable scepticism. Society has learnt the hard way that financial institutions have the capacity to cause major problems for an economy and its citizens – and a general consensus has developed that financial institutions did not put ethical behaviour very high on their list of priorities. Clearly, society would be troubled if the health industry did not continuously tussle with ethical issues. Until, recently, however, it did not expect the banking industry to show the same concern; fortunately, that is now changing.

Sceptical observers of the finance industry may argue that the changes taking place are no more than the minimum demanded by the authorities. The Foundation would like to believe that they are more than this. A shift in culture is required so that the decisions financial institutions take benefit all their customers – including those who are most disadvantaged. The industry needs to temper its

1 Fairbanking Ratings: Socially useful banking (2010)

2 Fairbanking Ratings: Is UK retail banking showing signs of reform (2011)

3 A better kind of banking, Charles Leadbeater and Antony Elliott (RSA, 2013)

power to make money from one group of customers at the expense of another. These include those who take on more debt than is good for them, those who do not read the small print, those who prevaricate and those who are simply uninterested in (or terrified of) finance. Such groups are ripe for exploitation – but would not be by a genuinely ethical retail banker providing ethical retail products.

The products and services considered in this report aim to help customers manage their money better. They should enable people to live a less-stressed life and to improve their financial well-being.

The Fairbanking Foundation is celebrating its fifth anniversary. In its opinion, there has been substantial improvement in the last two years in some financial products. Regular savings products without bonuses that can encourage savers, even in a low interest rate environment, are one example. Current accounts with budgeting features that enable customers to take control of their financial situation are another. Even the credit card industry is considering how to reduce the temptation for its customers to overspend. On top of that, the credit union movement has received funding from the government to develop its own products in competition with commercial providers. Hopefully, there will be more to show from the credit unions by the time of the next survey.

Against this positive environment, there is the spectre of old-style profiteering. There is no survey of short-term or pay-day lending in this report. The pay-day lenders are an issue for government and regulators. If, in the pharmaceutical industry, it was legal to produce a drug that helped 85% of people, but made 15% seriously ill, it would be a national scandal – and would provoke a national debate. It is one of the key ethical issues in finance to decide what is acceptable. In economics, Gresham's Law says that "bad money drives out good". A similar phenomenon exists in banking, in that easy availability of expensive credit may drive out more difficult to obtain cheaper credit – at least for some groups.

The Fairbanking Foundation can provide strong indications of good practice for the products it covers – and its certification process should be able to reward innovations that the industry develops. Good progress has been made in the last two years, but a lot more can be achieved. We believe that the Fairbanking Foundation can play an important role in this.

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2. The Fairbanking Mark

The Fairbanking Mark is a product certification granted by The Fairbanking Foundation. The Foundation is a not-for-profit, research and advisory body created to assist providers of retail banking products to improve the financial well-being of their customers. The 'Fairbanking Mark' is granted in three, four or five star versions, based on an assessment of the financial well-being that the product delivers.

The Fairbanking Mark certification scheme has been granted accreditation by the UK Accreditation Service, and is the first accredited scheme for financial products to operate in the UK. Its certification procedure is similar to such bodies as the British Standards Institute (the "kitemark") and the Organic Foods Association. When Euro NCAP set standards for car occupant safety in 1997, the car manufacturers issued a statement that there would never be a five star car because the criteria were so severe. It took just over four years before such a car appeared, as with car manufacture, it is necessary for this certification for the banking industry to have a long-term view.

Each product is tested against relevant criteria, derived from customer research and academic/behavioural theory. A crucial part of the testing is independent research to ensure that the product's relevant features have been sufficiently effective that customers are changing their behaviour in beneficial ways.

There are four existing "product specifications" available for certification under the Fairbanking Mark:

– regular savings;

– credit cards; and

– current accounts (with and without overdraft).

Since 2011, five products have been through the Fairbanking scheme and have gained a Fairbanking Mark, including two current accounts without an overdraft, a current account with an overdraft and two regular savings products. So far, there has not been a credit card granted the Mark, although a specification is available. There are two products with three stars, two with four stars and one with five stars.

In this report, potential features for a Mark for personal loans are outlined. However, more work needs to be done before a detailed specification can be made available.

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Once an application for a Fairbanking Mark has been received, the product goes through a rigorous five-stage assessment and certification process:

1. Star Rating Review

The product features are reviewed against the appropriate criteria – separate specifications have been drawn up for regular savings, credit cards, and current accounts (with and without overdrafts). An initial star rating is proposed against which the product will be fully tested and validated by the assessment process.

2. Customer Survey

A product-specific survey is designed to test to see whether customers are using the relevant product features that support the proposed star rating, and to gather examples of how customers are using those features. This survey is conducted by an independent market research company, with questions set by the Fairbanking Foundation.

3. Product Research

Product descriptions, operational procedures, promotional materials and other relevant materials are reviewed by a product assessor to understand how the product works in practice. Also, fairness factors are reviewed. These vary for the different product specifications, but include:

- A review of product-specific complaints received by the organisation
- Ensuring that interest charges and fees are within acceptable bounds for the product compared to the market, and that they do not lead to problems for customers
- Assurance that there are no restrictive practices, such as compulsory cross-selling, relating to the product.

4. Assessment Panel

The Fairbanking Mark Assessment Panel is an independent body that reviews all product assessments carried out by the Fairbanking Foundation. An Assessment Report is submitted to the Panel, which then decides whether to grant a Fairbanking Mark, and what star rating to award.

5. Documentation and Monitoring

A Fairbanking Mark licence is granted to successful applicants for the product that has been certified. This sets out in detail how the Mark may be used. The Foundation carries out a programme of ongoing monitoring to ensure that the terms of the licence are adhered to, and that the product continues to meet the requirements of the Fairbanking Mark and Star Rating.

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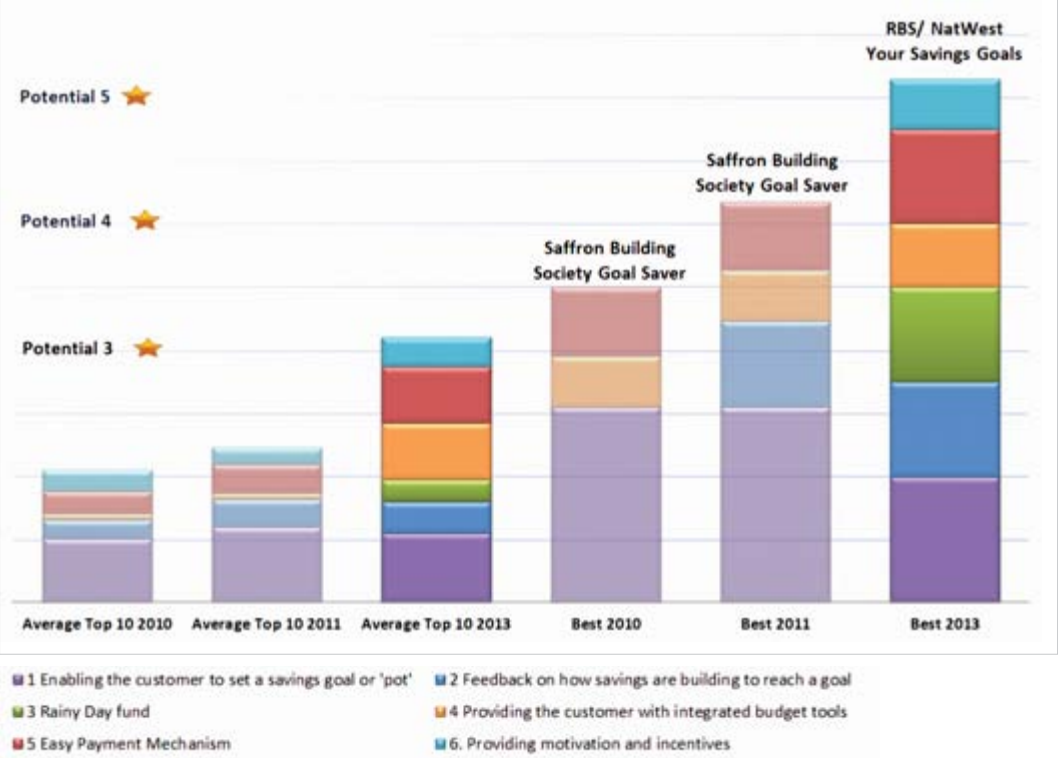
3. Overall results – improvements continue

The criteria used for rating regular savings products and current accounts (with and without overdraft) are almost unchanged, so it is possible to track improvement. The credit card survey has, however, been enhanced to include other features, and the personal loan survey is new. The ratings in this report are based on a combination of survey results, desk research and direct contact with financial institutions.

Regular Savings: RBS/NatWest's "Your Saving Goals" product has taken over from Saffron Building Society "Goal Saver" as the top-ranked product in the UK. Generally, institutions have not had to work to attract regular savings, and it is, therefore, encouraging that a number have chosen to invest in product in the UK. It has been granted a 5 star Mark, the first for any product. The average rating of the top 10 products in this space shows a substantial improvement since the last survey.

Figure 1: Regular saving products – summary results



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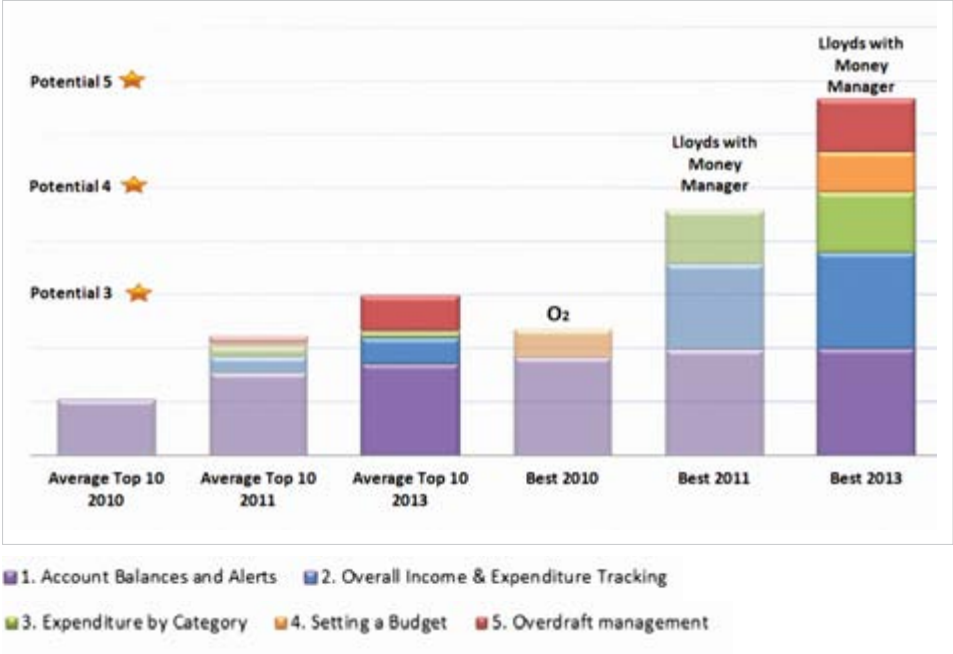
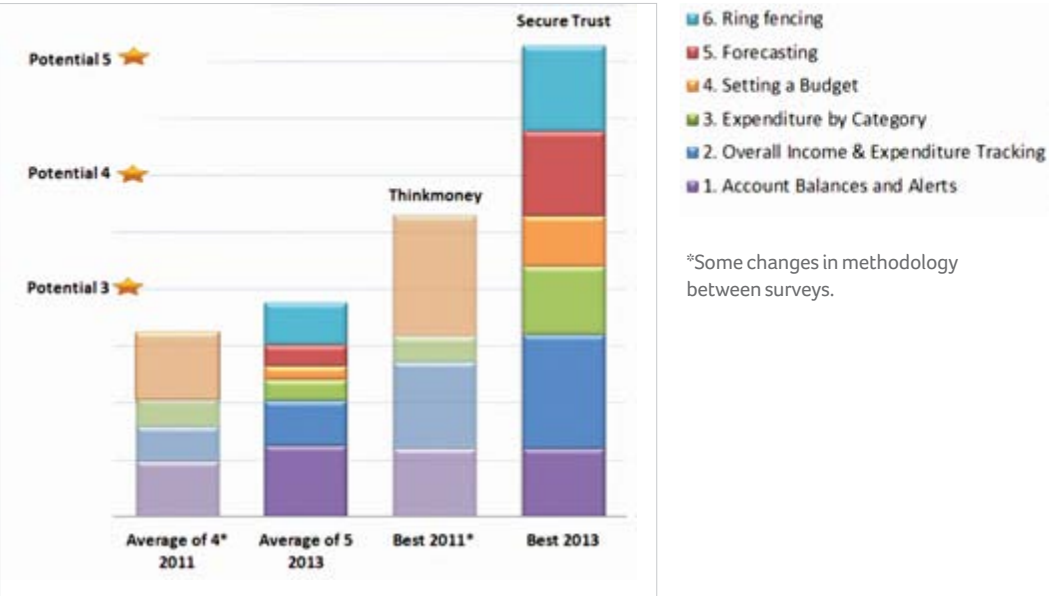
Current Account with Overdraft: There have been substantial improvements by many banks in this area, which have led to an increase in the average rating of the top 10. Lloyds Bank has made improvements which enabled it to retain its lead – although Barclays has made the biggest jump and has the potential to overtake it (see Chapter 5).

Figure 2: Current accounts with overdraft – summary results



Current Account (without Overdraft): It was encouraging that both thinkmoney and Secure Trust Bank were granted 4 star Marks for this category in 2012. Although their offerings are different, the two institutions both have a high level of positive feedback from customers (see Chapter 6). The next two years should bring further improvement, with the potential for a 5 star Mark in this category.

Figure 3: Current accounts without overdraft – summary results



*Some changes in methodology between surveys.

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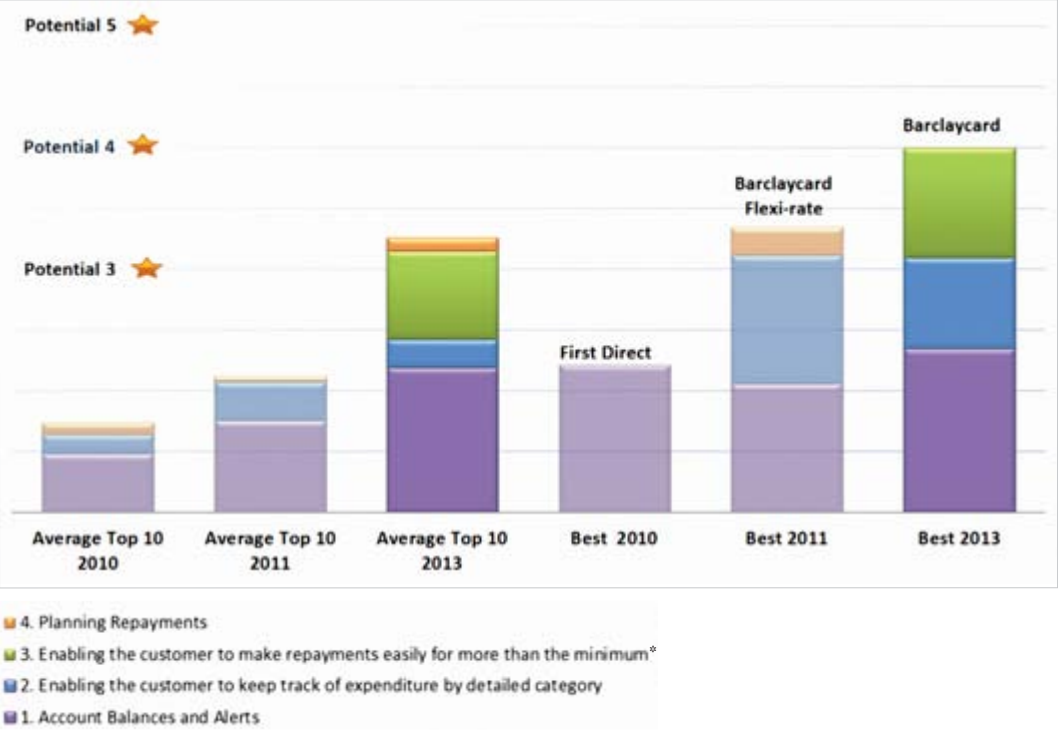
Credit Card: With significant changes in the scoring methodology, it is only possible to compare the 'alert' and 'messages' features through time. In this area (indicated in purple), there has been a general improvement in the average rating for the top 10 banks. Barclaycard remains ahead in the features that it offers.

Figure 4: Credit cards – summary results



*New category in rating methodology

Personal Loans: This is a new product for this survey. Credit unions give a good service to customers when granting personal loans. Due to the Lending Code and considerable consensus around business practices, there is not a large amount of differentiation in features to help customers. In some respects this is a concern and it is necessary to look at the new entrants Ratesetter and Zopa to see signs of innovation in the interests of customers. There is a possibility that a specification could be developed so that the Fairbanking Mark is granted to personal loans. This survey is one step in that development.

4. Regular Savings Products

In the last two years the Foundation has been gathering evidence as to what encourages people to save. Many banking institutions have customers that find it difficult to establish a savings habit. They would like to save, but for various reasons it just does not happen. Academic and customer research shows that there are key elements that can alter our behaviour and encourage us to save regularly.

The core elements are:

Budgeting → Goal-setting → Feedback → Messages → Incentives

Each element can have an effect in isolation, but it is the combination that can prove really powerful. These elements are important, but in order for them to work for the customer each element must be designed to consider how it will automatically be used by the customer in a helpful way.

For example, the budget tool needs to give immediate feedback on the result, whether good or bad; otherwise it will not be completed. The goals need to be personalised in order to create a motivational link. A goal without feedback being provided towards progress in a way that is salient will not be progressed. Messages can be designed so that they trigger a response rather than just provide information.

These are not primarily issues of design or economics i.e. the best interest rate, but the financial institution having a desire to understand what will galvanise the time poor, financially disinterested customer into taking positive action.

In 2010, the Fairbanking Foundation developed the elements that have become the specification for the Fairbanking Mark for Regular Savings. In 2013 we have changed the questions slightly and added a new feature "encouraging a customer to set another goal when one has been completed".

4.1 Banks and Building Societies – Regular Savings

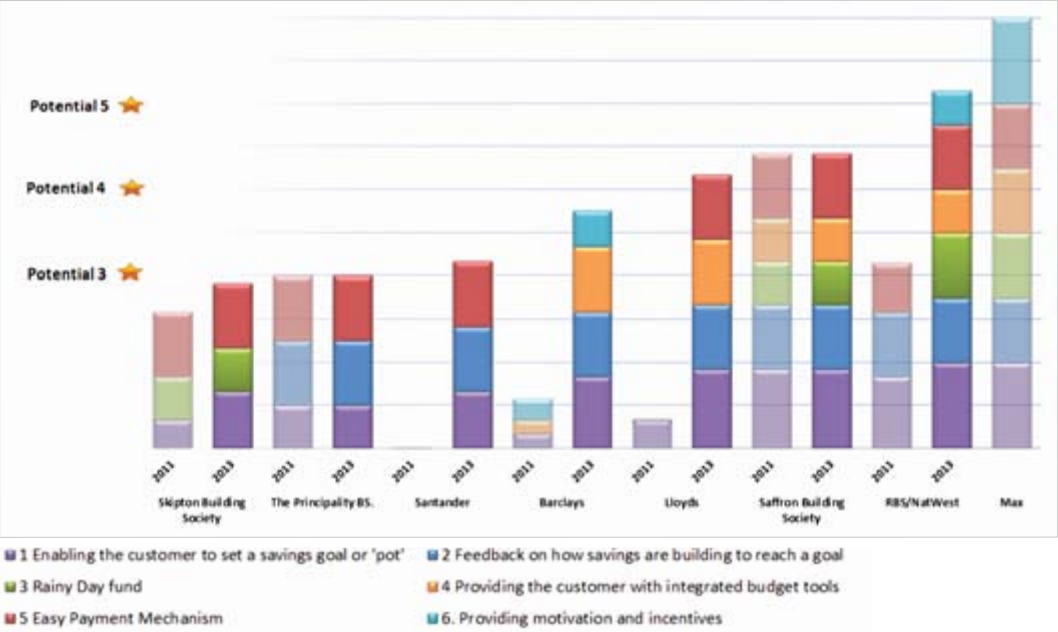
In the last couple of years, funding has not been a major issue for most lenders with a deposit base. That poses a problem. If a banking institution is only interested in its short-term bottom line, why would it try to encourage the reluctant regular saver? In the present environment we need an institution that thinks about what would be helpful to its customers – and which takes a longer-term view. Fortunately, there have been a number of banks that have improved their offering of goal-based tools to help encourage regular savings.

Figure 5 shows that RBS/NatWest has been outstanding in developing its offering for regular savers. Not only do the tools exist, but we know from testing for the Fairbanking Mark that they are having a significant effect in helping customers to build savings. There are around 20,000 new goals being set up by customers each quarter, and this number is increasing rapidly. RBS/NatWest calculates that customers with a goal are growing accounts at £189 per month faster than accounts that are increasing savings without a goal.

RBS/NatWest Instant Saver with Savings Goals has been granted a 5 star Mark. Saffron Building Society has the potential for a 4 star Mark to augment the 3 star Mark it was granted in 2011 and it is anticipated this will happen when it has built further customer numbers. Lloyds has also improved its offering significantly, and now has the potential for a 4 star Mark. Barclays and Santander have

made significant developments, and they could qualify for a 3 star Mark. However, as discussed below, this is dependent on there not being any problem areas – such as the payment of bonuses – that can hurt regular savers who do not take positive action.

Figure 5: Regular Savings Products – all rated products with multiple Fairbanking features*



*In addition eight institutions are rated for products with a financial incentive to encourage continuous saving: HSBC/First Direct, ICCI and the following building societies: Nationwide, Newcastle, Norwich & Peterborough, Nottingham, West Bromwich and Yorkshire

Each of the categories of features is discussed below:

1. Enabling the customer to set a savings goal or "pot"

At RBS/NatWest, there are 10 goals prompted by the savings tool. In the first half of 2013 these were in the order of popularity shown in Table 1. A similar list for Lloyds Bank, which launched its goal-savings in March 2012, is shown for comparison. The popularity of the various savings goals changes very little through time.

Table 1: Most popular savings goals

RBS/NatWest	(%)
Holiday	23
Other*	19
House	18
Rainy Day	10
Something special	9
Car	9
Wedding	5
Education	3
Baby	2
Your business	2

Lloyds Bank
Holiday
House
Car
Debt reduction
Rainy Day
Wedding
Christmas
University
Children
Birthdays

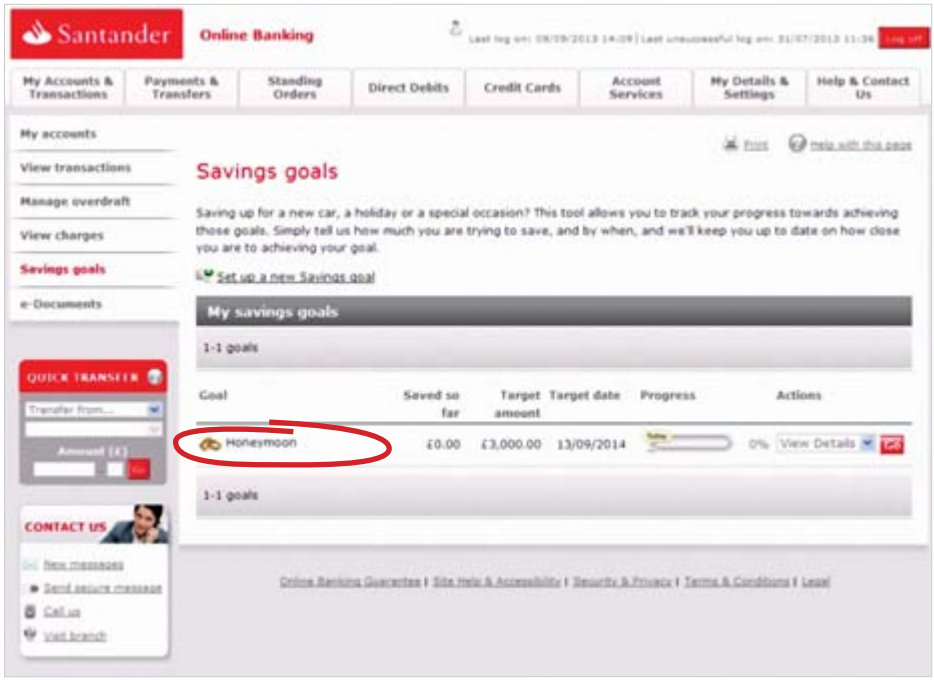
*Christmas is most popular goal in the "other" category, which includes debt repayment and retirement

The goals are being tracked at RBS/NatWest, and it is really encouraging to see the level of achievement. For instance, 99% of wedding goals that were set for the first half of 2013 have been attained in terms of both timing and amount. Equally, 80% of rainy day and house deposit goals were realised. Overall, 70% of goals that were set were successfully achieved in the first half of 2013.

2. Providing Feedback to the customer on progress towards goals

Santander, Barclays and Lloyds have all made significant advances in the last two years. These banks have combined savings accounts with a tool to provide feedback on progress. The Santander tool is illustrated below, using the example of saving for a honeymoon as part of a wedding goal.

Figure 6: Santander – Savings goals example



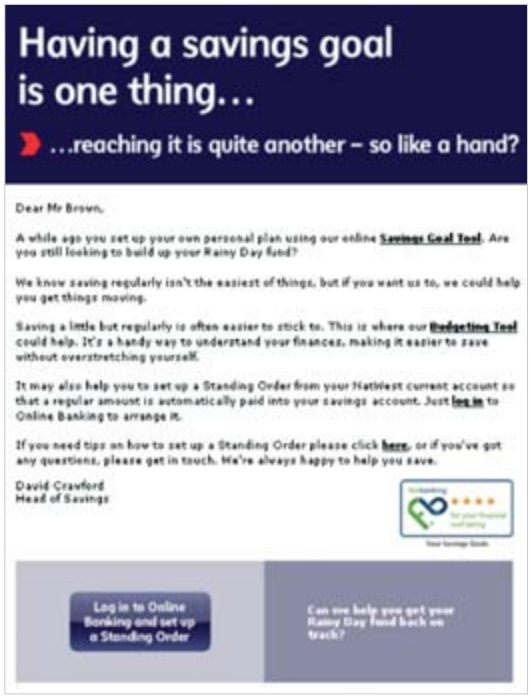


Figure 7: RBS/NatWest – Savings encouragement message

3. Setting up and maintaining a "rainy day" fund

Prompting customers to consider saving for a "rainy day" is a valuable way of creating financial well-being. When a financial problem arises, it is much more difficult if a person has no buffer. Financial institutions have many options, when it comes to encouraging customers to consider and maintain a 'rainy day' pot.

Earlier this year, for instance, RBS/NatWest launched a suite of messages to customers. The success of each message, in terms of response from customers, is now being evaluated. So far, there have been no complaints – which is good, since some people might have viewed the messages as intrusive. More importantly, initial evaluation has been positive. Targeted messages such as these will help trigger a customer to re-build his or her "rainy day" savings.

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4. Providing the customer with an integrated budget tool

RBS/NatWest has managed to make particular progress by developing a market-leading example of a budget tool to help savers. Potentially, this may be the best example of any budget tool in that it encourages people who are not inclined to budget to get on and do it. It is really encouraging that customers use descriptions such as*:

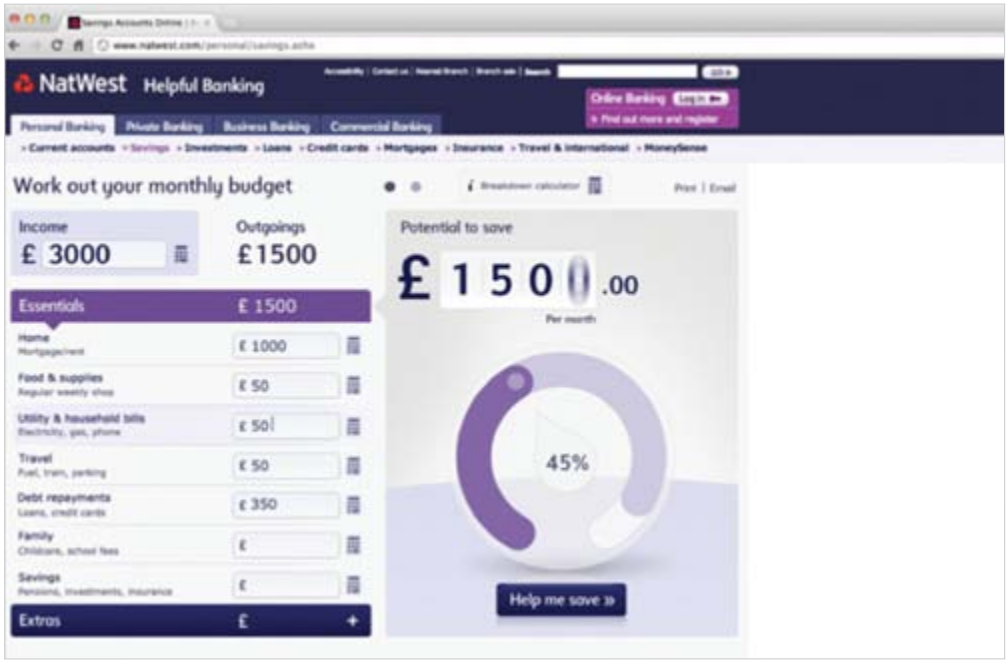
"The budget planner made me realise how far my finances went and that if I make an effort, I could hopefully put some of my money into savings. Having that visual aid is better for me personally, than just text or someone verbally transferring this information."

"I liked the way the budget planner was 'fun'. It's not as sloggy as typing up a spreadsheet, this was click and go. Perfect for me as I'm always busy."

"I'm 22 and left school six years ago, we were taught nothing about money at all, so all I knew was what my parents told me and they were hard savers so they just told me to save for everything, of course it isn't as easy as that. The budgeting tool allowed me to (shockingly) see how much I was wasting on silly things and give me an understanding of money management".

These customers are responding to a budget planner that is illustrated in Figure 8. A brief description cannot do justice to this tool, which contains multiple features to encourage usage. Some customers will find they have a surplus that can be saved, while many others will find they have a deficit and will have to make adjustments to their expenditure to embark on a regular savings plan. This tool is unusual in that it appeals to customers who do not normally budget or save, and – in the opinion of the Fairbanking Foundation – it is setting a standard for others to follow. The challenge is to improve it without it becoming more difficult to use.

Figure 8: RBS/NatWest – Budget planner for savings



* Ipsos MORI survey conducted with 193 RBS/ NatWest customers who have a Your Savings Goal. Fieldwork was conducted online in June 2012.

5. Easy Payment Mechanism

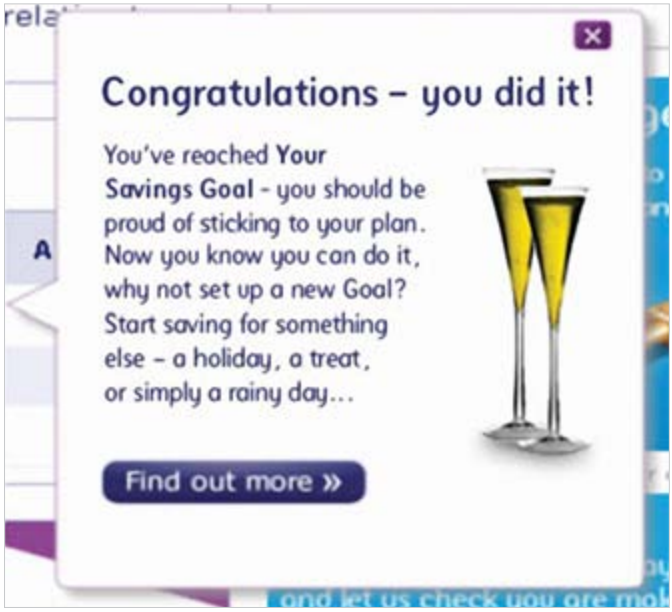
In behavioural economics, a "default" is the expectation that a certain course of action will be taken. If a customer has gone through a budget process to work out how much he or she can afford to save, it is important that it is easy and straightforward to set up a standing order or direct debit.

The easier this can be made, the less likely a customer is to procrastinate about setting up the regular payment.

6. Providing motivation and incentives to continue with or re-align a goal

Achieving a savings goal can be difficult and messages that encourage customers to re-visit their budget if they have been over-ambitious could be very helpful. There are many ways in which these messages could be delivered. The example below is simply designed to encourage a customer to think about another goal following successful completion of the first one.

Figure 9: RBS/NatWest – Encouragement to start another goal



There are also examples of savings accounts with financial incentives designed to encourage customers to keep saving, for example the West Bromwich Monthly Saver pays 0.75%, but a further 0.75% if a customer pays into the account monthly for at least 10 months of the year and has no more than three withdrawals. These are very likely to be successful, especially if customers feel there is a barrier to touching these savings.

7. Fairbanking Factors

A problem with regular savings accounts can be the bonus interest rate. For example, an initial rate of 1.0% might be payable on an account – but that might include a 'bonus' of 0.75% that only applied for a short period, say a year or two. If this savings account were attached to a goal that takes a number of years, for example saving for a deposit on a house, then it is difficult to see how a bonus rate would be appropriate. The bank or other financial institution would have to ensure that no hard-pressed customers had inadvertently kept up a regular payment (by direct debit or standing order) into the account after the bonus period had ended. It is important that the account being used for regular savings is suitable for the purpose.

4.2 Credit Unions – Regular Goal-based Savings

It is not unusual for credit unions to offer savings accounts for specific purposes, the most popular being the Christmas Savings Account. These are well-defined products for a specific purpose, and are valued by customers. Lumpy expenditures at Christmas are a major pressure for many families and can cause the need for short term loans if savings have not been set aside during the year. Some credit unions offer holiday accounts for a similar reason.

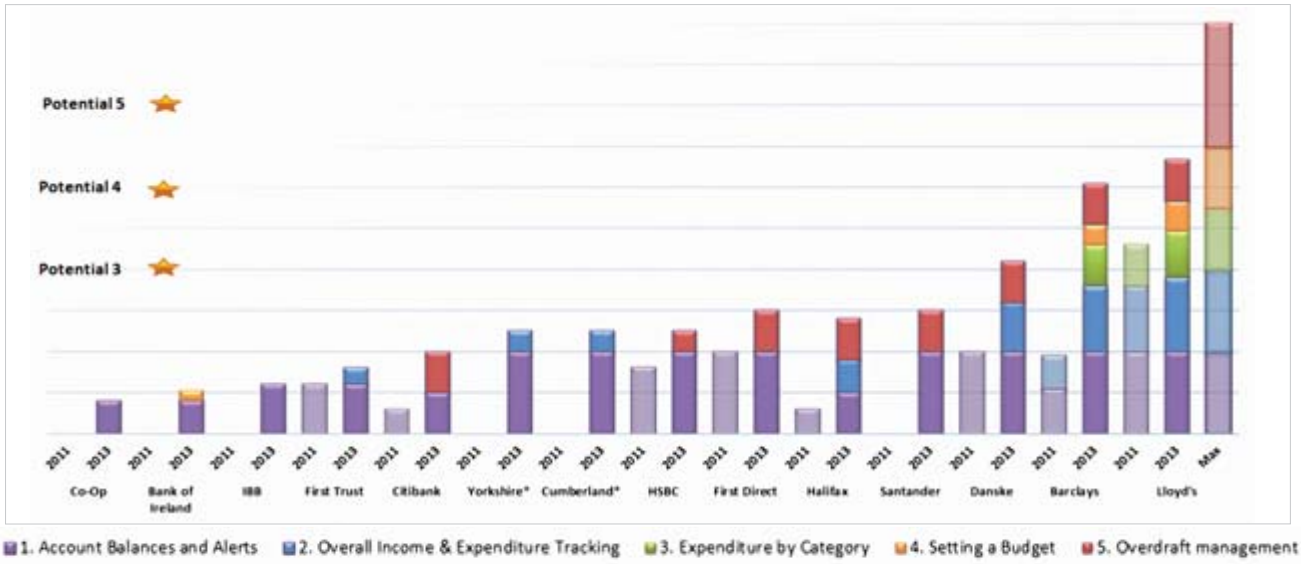
In the last two years, some credit unions have developed budget or "jam jar" accounts. One of the benefits of these accounts is that they enable customers to have a realistic view of how much they can save. It is early days, but the credit unions that have members using the accounts report high levels of satisfaction. These are relatively labour-intensive at the moment, in both set-up and maintenance, but the intention is to have access to the features through the internet. Funding has been provided by the DWP (through the Credit Union Expansion Project) to enable credit unions to have systems and products that are better suited to their clients. This could provide a good platform, in that many credit unions have a need to offer goal-based savings. There is enormous potential for raising the ability of those with lower incomes to accumulate savings from small regular contributions.

Of the 16 credit unions that responded to the regular savings survey, there were three that appeared to have sufficient functionality to warrant a three star, or even a four star Mark. These credit unions view savings as linked to support on budgeting. However, two of these were not yet promoting this approach ahead of the Expansion Project, which could take up to two years. Understandably, there was concern about taking customers on to an account and then needing to migrate them elsewhere. In the short term, the funding from the DWP is having the effect of restraining some credit unions from innovation, which highlights the opportunity for the new account to provide some recognised approaches to helping customers, such as goal-based savings and jam jar accounts.

5. Current accounts with overdraft

Current accounts are so widely used that they offer enormous potential to help millions of customers to manage their money better. The data collected for the first survey in 2009 gave a maximum score for any current account of just over 20%; this survey has the highest rated product at 75%. There are four new questions in the rating (see Appendix 2), but these are making very little difference to the individual scores for the comparison.

Figure 10: Current accounts with overdraft – all rated products



*Non-responders to the survey, public information used.

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Figure 10 shows that in the last two years there has been significant progress given the length of time it takes to bring these developments about within financial institutions. Barclays has had the biggest change (features amounting to 42% increase in rating to 61%) due to a number of improvements, including "Money Tools". Santander (30% increase), Danske (22% increase), Halifax (22% increase) and Lloyds (21% increase) are all showing very substantial improvements over the period. Lloyds Bank was granted a 3 star Fairbanking Mark for its Classic Account with Control in 2012 and has the potential for an upgrade to 4 stars following these improvements. Barclays has sufficient features to apply for a 4 star Mark and Danske Bank's current account may achieve 3 stars. This would all be subject to the testing required by the certification process and there being no problems with fees and charges.

There is much scope for further innovation in the interests of customers; however, there is an important new issue that is arising. Institutions have been developing the features, but need to acquire the skills and commitment to encourage customers to take them up. Checking your bank balance, doing a budget and constructing a debt reduction plan are only going to be favourite activities for money "nerds". On the whole, the general population would be pleased to avoid these activities. A lot more could be done to deal with this problem, it is not satisfactory to say we have provided the "tool" should the customer want to take it up. The "science" of behavioural economics has reached a level where giving customers a "choice" by this method can at best be described as lazy on the part of the financial institution. The UK public would argue that financial institutions have been good at exploiting behavioural economics in order to make profits, so maybe the time has arrived to use an understanding of customer behaviour to benefit customers. In 2009, this view was derided; maybe the idea of working to improve the financial health of customers is an idea whose time has come.

Smartphones and Tablets

Progress is driven partly by the greater appetite for customers to engage with their money through their smartphone and/or tablet. Research conducted with the Money Advice Service has shown the importance of "opportunity" in encouraging engagement with money management. For example, a household may engage with tools provided on a tablet, but not if the only easy provision is via a PC. If a financial institution is going to assist with alerts, messages and planning tools these will need to work easily for each device. The home page of Danske Bank (formerly Northern Bank) demonstrates an institution aiming to give equally good support through all devices (Figure 11).

Figure 11: Danske Bank – opportunities to bank with internet, mobile, tablet, text and telephone

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It is partly this growth in mobile and tablet provision that is behind the rise in the ratings of many banks in this report. The tablet may represent the greatest opportunity for money management support with its immediacy enabling customers to engage frequently, similar to a mobile, but the screen size enabling more scope for interacting with a budget, savings goal or debt reduction plan.

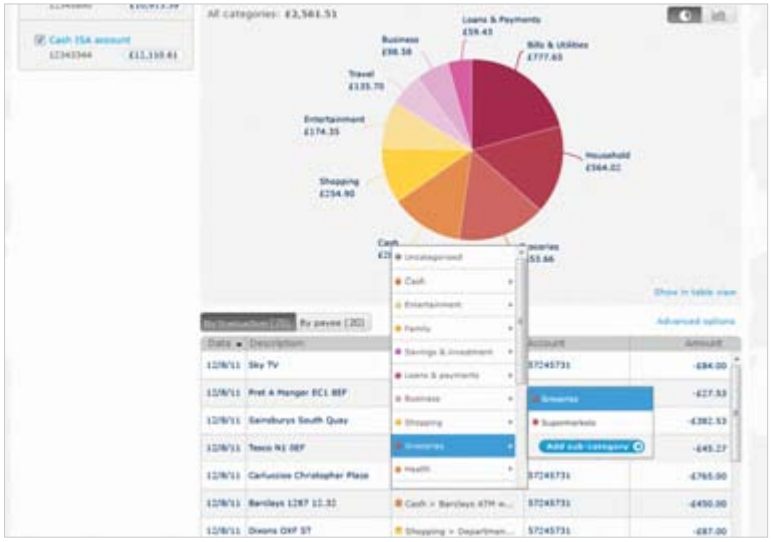
1. Messages and Alerts

The most widespread offering is of alert and messaging features. These are viewed very positively by the customers that use them. However, the take-up by customers could be a lot higher. For example, we know that many customers would benefit from checking their balance more often or giving more consideration during the month to their financial position. The evidence is that customers that are encouraged to do this, even if resistant at first, benefit from greater engagement with their finances. There is an inclination among many customers that if they do not track their money it will not worry them, but on the whole, the reverse is true, in that, greater engagement leads to more well-being as a person feels in greater control. The Fairbanking Foundation is interested in research that shows proven approaches for these types of feature e.g. providing these features as a default rather than an opt-in.

2. Keeping Track of Income and Expenditure

The current account can be a good vehicle for providing data on much of the important expenditure for a household. There have been developments in providing this data to customers from Danske Bank, Barclays and Santander. Lloyds set the standard with its Money Manager, but the key is to try and design these tools so that they appeal to those less inclined to manage their money as well as those who see the benefit more readily. This is where behavioural approaches could have a significant effect by encouraging the use of these tools to become a habit. HSBC, First Direct and Citibank may argue that their relatively affluent customers are less in need of these tools. However, households find that their financial situation can change and there is evidence that being in a position to adjust expenditure is important (see Appendix 1). It is difficult for a customer to adjust expenditure if they have not been tracking it. The desire to easily understand how money is being spent is widespread, but is more important when expenditure is very close to income. In the next two years it would be good to see more institutions developing these types of tools designed to help their customers and that those institutions that have the tools consider how to get significant take-up from those that would most benefit. The "Money Tools" from Barclays is illustrated in Figure 12; it has recently been rolled out to its regular current account base. The illustration shows that expenditure can be categorised by the customer.

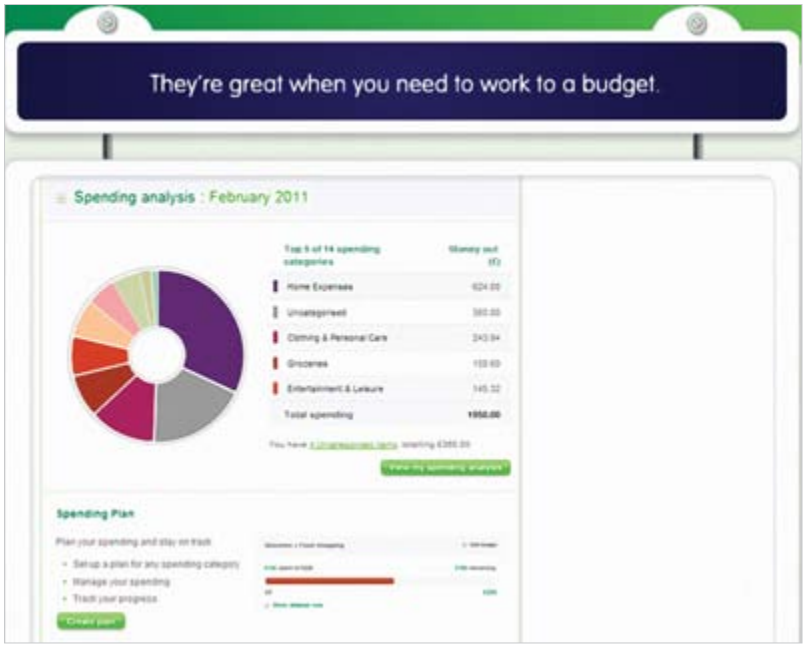
Figure 12: Barclays – income and expenditure management with Money Tools



3. Planning or Budgeting

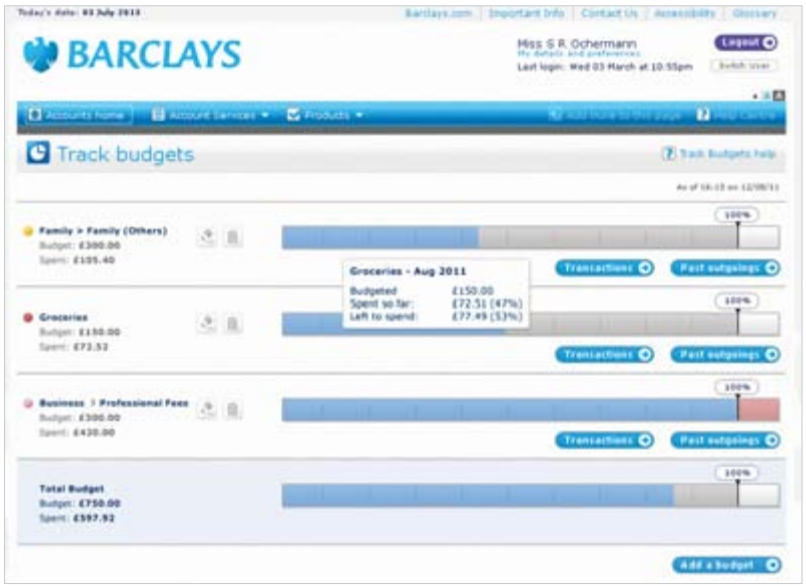
Lloyds Bank has the potential to improve from a 3 stars to a 4 star Fairbanking Mark for its Classic account with control. One of the factors is the introduction of a "Spending Plan" tool, illustrated in Figure 13. It was introduced in 2012 and has not been tested by the Fairbanking Foundation as part of the Mark to see if it is being used and generating benefit. However, it is a promising development as it focuses on specific categories of expenditure. Making a commitment to a course of action is very likely to lead customers to be able to achieve their personal goals. This development is a substantive innovation with considerable potential to benefit customers.

Figure 13: Lloyds – Spending Plan tool – tracking against a budget category



The Money Tool from Barclays has a similar feature contained within it, illustrated in Figure 14.

Figure 14: Barclays: Tracking individual budgets



4. Overdraft Management

There has been some progress in providing messages and alerts so that customers do not go into unauthorised overdraft. There are even messages that enable the customer to make a payment on a given day before the unauthorised overdraft is breached.

Many customers would like to avoid using their overdraft, but do not have sufficient planning skills to do so. It is possible for providers of current accounts to do a lot more to assist people who are uncomfortable with frequent overdraft usage. The overdraft is a valuable and generally cost-effective way for a customer to borrow short-term, however, many customers would benefit from more support with managing their debt of which an overdraft can be an important component.

5. Fairbanking Factors

In granting the Fairbanking Mark for a product, an independent panel considers all aspects of the product to identify whether there are any aspects that would make the granting of the Fairbanking Mark inadvisable. For example, at present it would be difficult to grant the Mark for an account where many services were bundled together ("packaged") due to the difficulty of identifying whether the customer was benefiting from all the services that they had purchased. Similarly, an account with high levels of operational failures leading to significant complaints would not be suitable for the Fairbanking Mark regardless of its positive features.

It has been interesting to observe the high level of satisfaction of the customer of Lloyds Bank's Classic Account with Control. They are paying a fee for the certainty of knowing that they will not use an unauthorised overdraft with its inevitable costs. Yorkshire/Clydesdale Bank has a Current Account Control that works on the same basis with a monthly fee. Its site offers good advice on the helpful way to use this account and for some customers it may be a cheaper, more predictable alternative.

It can be difficult to identify and understand all the fees and charges that may be incurred on a current account from the bank's website. It is these fees and charges that continue to make it difficult for the Fairbanking Mark to be granted to a current account. The large size and unpredictable nature of some of these charges means that they are at odds with enabling customers to have a sense of control. There have been some significant recent changes in charging approach, but over the next two years it would be good to see more progress in this area.

6. Current accounts without overdraft

Just as there is demand for current accounts without debilitating fees when entering unauthorised overdraft, there is also demand for current accounts that do not allow for any overdraft caused by spending. Customers value the certainty of knowing that they are not going to suddenly find themselves with an overdraft and are helped to avoid running out of money. They find the inconvenience of an occasional unpaid bill lower than the worry of the overdraft costs.

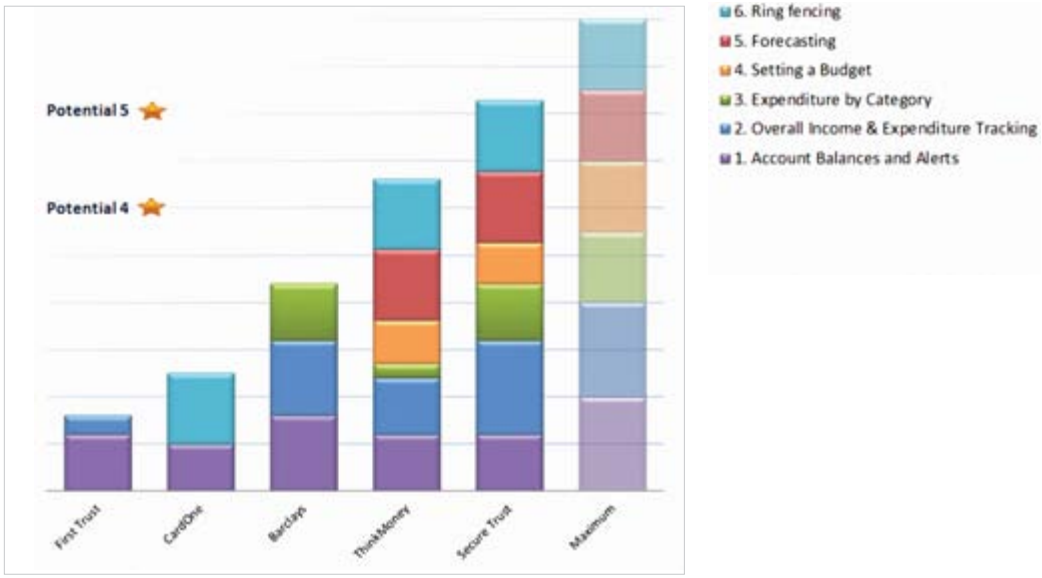
These accounts are not necessarily the same as basic bank accounts, many of which allow customers to go overdrawn. The basic bank account is the subject of industry review and political debate. According to those engaged in work on financial inclusion, the most highly regarded basic bank accounts are offered by Barclays and Co-op Bank, the Barclays Cash Card Account is included in the chart because it has many features to help customers manage their money. The main issue of importance for the type of customer that wants a basic bank account is the availability of cash withdrawal facilities, many banks restrict this availability. This is viewed as a fundamental part of a current account – cash withdrawals should be widely available.

There has been greater interest in "Jam Jar" or budget accounts over the last two years such as those from Secure Trust Bank and thinkmoney. The very positive reaction from customers to having an account that helps them to manage their money is a testament to this. The academic evidence supports the view that we choose to use "mental accounting" to separate our expenditure into pots. Ideally, these accounts not only help with dividing money, but also create a small barrier that makes it an effort to use for some other purpose money set aside to pay bills. Again there is much evidence that people try to find methods of putting money "out of sight" or "beyond reach" in order to ensure that they are not tempted to use it for other purposes.

Some of the same features are contained in these accounts as the current account with overdraft. Obviously there is no need for overdraft management, but these accounts are frequently used by customers that have control issues. Ring-fencing of bill payments is an important component of these accounts for many people. Customers want to have their income ring-fenced to pay important bills before money is made available for more discretionary items.

Figure 15 shows that there are some highly rated accounts. Both thinkmoney and Secure Trust Bank were granted the Fairbanking Mark in 2011 at 3 stars and were upgraded to 4 stars in 2012. Secure Trust Bank has features that may lead to a 5 star Mark in the future.

Figure 15: Current accounts without overdraft – all rated products



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6.1 Specialist Providers and Banks

1. Messages and Alerts

The leading accounts are providing similar messages and alerts to the leading mainstream current accounts. More mobile banking apps are planned.

2. Keeping Track of Income and Expenditure

Secure Trust Bank introduced "Track and Plan" for their customers. This on-line money management tool that has many advanced features designed to assist customers with planning. The key issue is motivating customers to use it and develop a habit to do so. There are 30 expenditure categories that can be tracked by the tool.

Customers have given specific feedback on how they are using the features, here are some examples*:

"Good to be able to see what's happening without having to trawl through statements"

"I didn't realise how much I was spending on one thing thanks to the track and plan I can see where I'm going wrong"

"It shows me how much money is spent on everyday purchases"

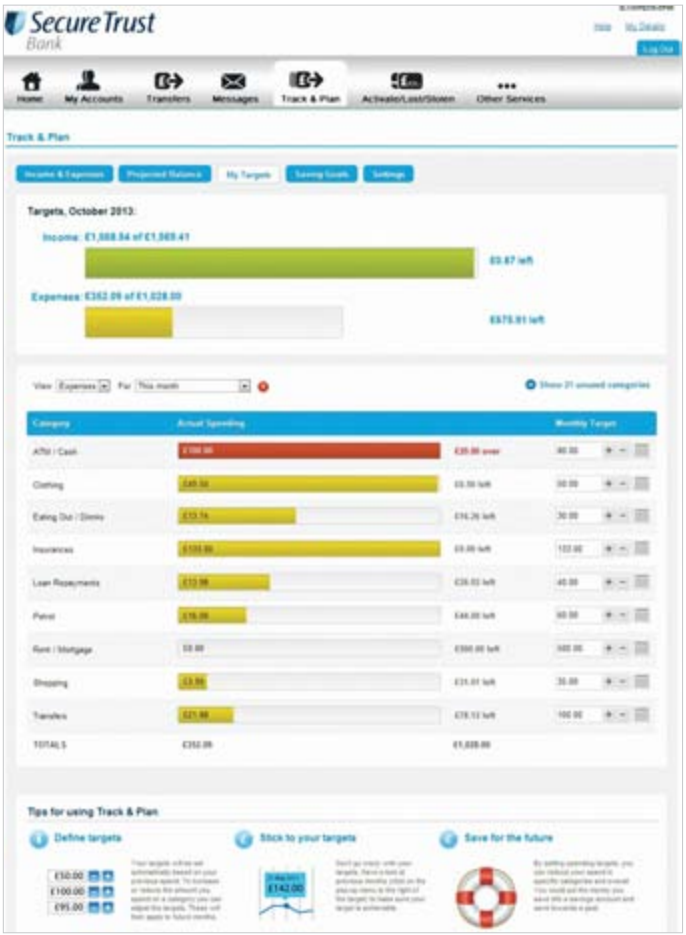
Barclays cash card account offers the same expenditure tracking facilities as the current account with overdraft through "Money Tools" and mobile banking.

3. Planning or budgeting

The accounts from thinkmoney and Secure Trust Bank are designed to help customers to budget and a budget framework is part of the set up, so that some of the monthly finances are allocated for regular bills.

At Secure Trust Bank, the "Track and Plan" functionality provides budgeting features but the take up of these is relatively low at around 20 per cent of customers, however, they are valued highly by those that use them. Figure 16 illustrates the potential for target setting that is provided.

Figure 16: Secure Trust Bank: "Track and Plan"



* Ipsos MORI survey conducted with 325 Secure Trust Bank current account customers. Fieldwork was conducted online in September 2012.

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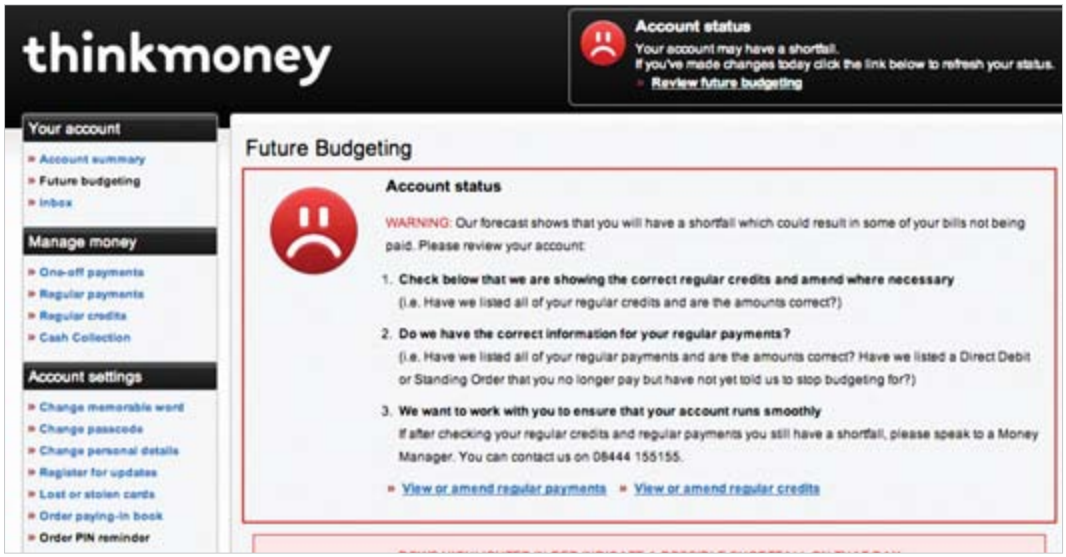
4. Forecasting to enable the customer to live within their means

The most impressive example of this function was introduced by thinkmoney in 2012. The "Account status" makes use of the forecasting to communicate a happy or unhappy face. In the independent survey for the Fairbanking Mark, it was found that both of these messages were powerful for customers*. Just over 80% of customers had seen the green happy face with a forecast of future expenditure and 96% of those customers had found it very (over 80%) or fairly helpful (Figure 17a).

Figure 17a: thinkmoney – expenditure forecasting – positive result

More significantly of the 22% of customers that had seen the red unhappy face, 94% found it very (83%) or fairly helpful (Figure 17b). What was really surprising was that 96% of customers took an action such as contacting a Money Manager, amending payments or reviewing expenditure or income. This showed clearly that giving customers information in a readily accessible form was valued by them.

Figure 17b: thinkmoney – expenditure forecasting – negative result



* Ipsos MORI survey conducted with 345 Thinkmoney personal account customers. Fieldwork was conducted online in September 2012.

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5. Ring-fencing of bill payments to give reassurance that these bills will be paid

Ring-fencing continues to be highly valued by customers that want this reassurance. The service is offered by having a pot for making bill payments and transferring the amount left to a prepayment/cash card for day to day spending. Figure 18 shows how this is explained to customers.

It is worth noting that customers do not want it to be too easy for them to use their bill money for other purposes. They value the barrier caused by the need to make a transfer from one pot to another. It is intriguing that customers that complain that this makes matters less easy/straightforward are outweighed by those that value the behavioural benefit of the arrangement.

Figure 18: thinkmoney: Jam Jar banking

5.2 Credit Unions

The responses from credit union to the questionnaire on current accounts were largely aspirational. It is hoped that the Credit Union Expansion Project will deliver a modern account with mobile banking and there is the potential for features such as text messages to be introduced sooner. Integrating the current account with a budget account is recognised by some credit unions as being a helpful approach. It is entirely possible that over the next two years credit unions will have more of the budget-type account that customers have been finding helpful. Not all customers will find the features helpful, but many will find a greater level of financial contentment from being more on top of their finances. The best account responding to the survey was approaching a 3 star rating, although it had a small number of users. By 2015 there may be many accounts that are at least at the 4 star level.

The need for these accounts has been accentuated by issues relating to the roll-out of Universal Credit, especially the payment of housing benefit to benefit recipients rather than landlords and benefits being paid monthly rather than fortnightly.

The chief executives of credit unions with the highest ratings were contacted and there was a view that these accounts will be very helpful to clients regardless of changes in the benefit system. It would not have been encouraging to the credit union movement to produce a graph of the features being offered at present. Hopefully in the next two years development will have occurred so that credit unions have access to a leading current account that helps with money management in addition to providing the existing level of personal service.

7. Credit cards

The Fairbanking Mark is available for four product categories and has been granted for three, but not for credit cards as yet. The opportunity of this report has been taken to improve the specification. The questionnaire has been changed in 2013 to explore some key features of a credit card and to ascertain whether there is a possibility to identify good practices that could contribute to a better product to help customers to manage their money.

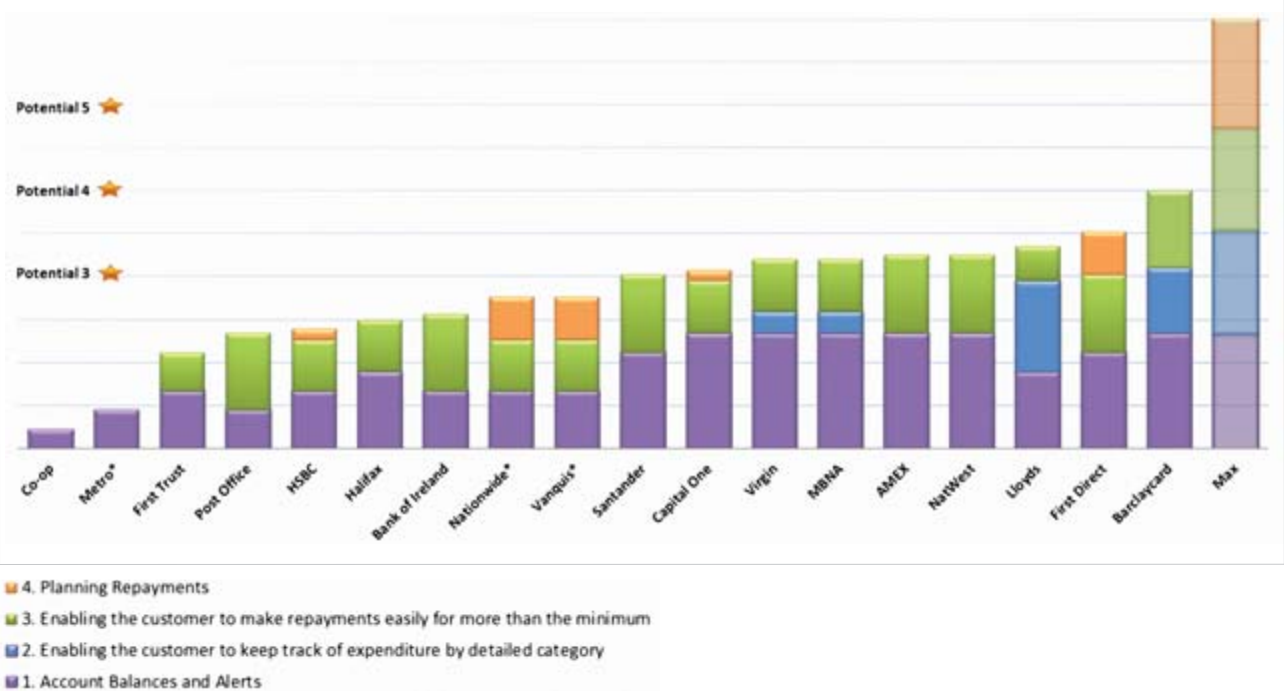
The new questions explore practice in the following areas:

- Enabling the customer to make repayments for more than the minimum easily.
- Reviewing the credit limits of customers to ensure that they remain appropriate.
- Enabling the customer in potential difficulty to take action earlier.

However, only the first of these that has been incorporated in the rating as the answers to the other questions did not lead to any clear differentiation and there was a tendency to conform to industry minimum standards.

Figure 19 shows that Barclaycard remains as the top-ranking credit card with the potential for a 4 star Mark with RBS/NatWest, Amex, MBNA/Virgin, First Direct, Capital One and Santander all with the potential for a 3 star Mark. There is a lot of bunching of the results indicating that while there is differentiation, there is no credit card that is a clear second when it comes to helping customer manage their finances.

Figure 19: Credit cards – all rated products

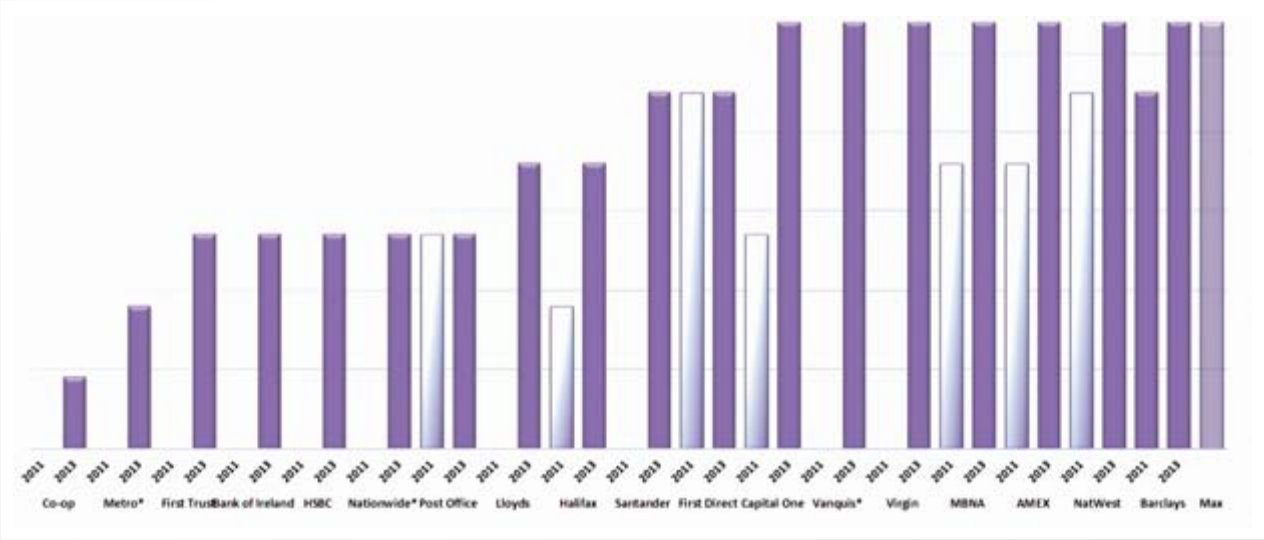


*Non-responders to the survey, public information used.

1. Messages and Alerts

The mobile and text revolution has come to credit cards in the last two years and as a result the ratings have risen. Figure 20 shows that customers are far more likely to know their balance and be alerted to make the monthly payment or avoid going over their limit. There may be potential for more salient information, but if all credit cards provided the same functions as the six best this would be good for customers.

Figure 20: Credit cards – improvement in provision of messages and alerts



*Non-responders to the survey, public information used

Once the alert and messages facility exists the question becomes one of take up. The messages relating to making a payment and not exceeding the limit could be sent to all customers automatically with an option to switch them off, rather than having to opt-in. This is known in the behavioural economics literature as "default". If it is known that most customers would benefit, more could be done to encourage them to receive the messages. Capital One refers in their responses to a welcome call made to new customers; this is the ideal time to opt customers into the mobile alerts, while giving them the opportunity to decline.

2. Enabling the customer to keep track of expenditure by detailed category and budget

The Spending Plans function of Lloyds Bank is new and it would be interesting to know whether credit card customers are using it or can be encouraged to use it. It enables a customer to set a budget for an expenditure category and see how much has been used. In combination with other prompts many customers could find this a very useful expenditure management tool. However, if it is not promoted and found to be easy to use, it may prove to be ineffective.

This is a category of actions where there is potential to help customers if the information can be provided in a way that provokes a response.

3. Enabling the customer to make payments easily for more than the minimum

This is a new category in the questionnaire. Many customers want to be able to make payment using their debit card and for this to be easy. The mobile/tablet app can make this a very straightforward method. However, there are a small number of issuers that do not make it straightforward to pay by

debit card. Being able to make payments of amounts other than the minimum or full payment by debit card are more widely available. The direct debit has become easy to change and there would be scope for customers to periodically change this amount. Issuers do not seem to be innovative in trying to help customers optimise their repayment. The issuers were asked whether they contacted customers making the minimum payment in a way that may encourage them to review their actions. The Lending Code is observed by all issuers in that they contact customers after six minimum payments. It seems somewhat strange that this is the optimum period for all customers. It will not be unusual for it to take 16 or 18 years to repay on the minimum payment. Many customers that are using their card in this way do not understand the cost of their decision and the vulnerability that this may be creating for them if their financial situation should change. Some of these customers will ultimately default and it is known that customers benefit from addressing payment problem early. It is difficult to see how six months of inaction by the card issuer is ideal for all customers.

4. Enabling customers to plan repayments to reduce debts

This is not an area that has seen any real progress in the last two years. Although credit cards offer a revolving facility there are many customers that accumulate debt and would like to be in a position to reduce it. This is the case prior to those customers getting into serious debt problems. A proportion of these customers could be supported in having a plan to reduce their debt. In the last report, there was an example from the Nationwide of a tool to help these customers, but it is difficult to find on their site and in its current form is unlikely to be used by many customers. It is an illustration of the type of tool that might be expected from a credit card that was attempting to educate customers as to how to reduce credit card debt if they wished to do so. There are a number of behavioural approaches that mean that it is almost certain that such an approach would be helpful for some customers and potentially for many customers. The following illustration from the Discover Card in the US is provided as an example of what is possible (Figure 21).

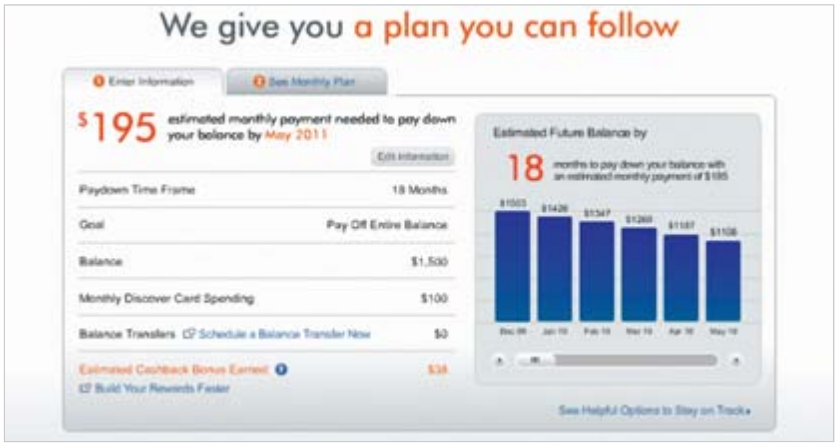


Figure 21: Discover credit card (U.S.) – plan to reduce balance

5. Fairbanking Factors

High levels of support to customers in the above four areas are what the Fairbanking Foundation is seeking in order to grant the Fairbanking Mark.

Other areas are evaluated in order to identify reasons why the Fairbanking Mark could not be offered. Customer complaints will establish whether there are operational or other problems with the product, however, the following three topics were explored by the questionnaire, but it was not possible to identify emerging best practice. These factors would be considered as part of granting the Fairbanking Mark.

Reviewing the credit limits of customers to ensure that they remain appropriate: The credit card industry has adopted the UK Cards Association best practice guidelines in relation to setting and reviewing credit limits. This is clearly an improvement on previous practices. There is a temptation for customers to use credit limits on cards that have become dormant if they become under financial stress. It is a difficult area, but issuers are putting effort into striking the correct balance for the customer on the amount of credit being offered. There is different practice both with regard to the notice period for a limit reduction and the amount of limit that is left as a cushion. Some issuers leave 5 per cent of the outstanding balance, while others give a monetary amount such as £100. There are differences in practice, but it is not possible to tell from the survey results whether any institution is better than another. The topic would be examined further if an application for the Fairbanking Mark was received.

Enabling the customer in potential difficulty to take action earlier: It was difficult to tell from the answers to questions whether there were genuine differences. Some issuers appear to be more pro-active at the early stages in terms of suggesting to customers that they set up direct debits or sign up to payment alerts. Some issuers appear to do more contacting by text and e-mail at early stages. It is difficult to tell whether these efforts mean that fewer customers get seriously behind with payments, but they must be a step in the right direction.

For customers in financial difficulty, the card issuers are proactively seeking to help customers to have a debt reduction plan. The answers refer to using external agencies such as StepChange and to monitoring of the results. There are special sections of websites offering advice to those in difficulty. However, it is impossible to tell whether a particular issuer is doing better for customers than another in terms of reducing worry and ultimately the debt burden.

Fees and charges: On a rate change issuers are giving customers 60 days to close the account and are flexible on the repayment period provided the minimum payment is made. At a minimum they seemed to be observing the UK Cards Association guidance.

There were no questions about "teaser" rates. The challenge for customers is that a "zero percent" offer can come with the condition that if a payment is missed or the credit limit exceeded, the rate rises to a commercial level. This could cost the customer a very large amount and will catch out some customers who will not realise that the cost is so high. It can appear to be the equivalent of a £150 car park fine for exceeding the time on the ticket by five minutes. In the context of the Fairbanking Mark, there would need to be a lot of mitigating action for this pricing structure to be considered fair.

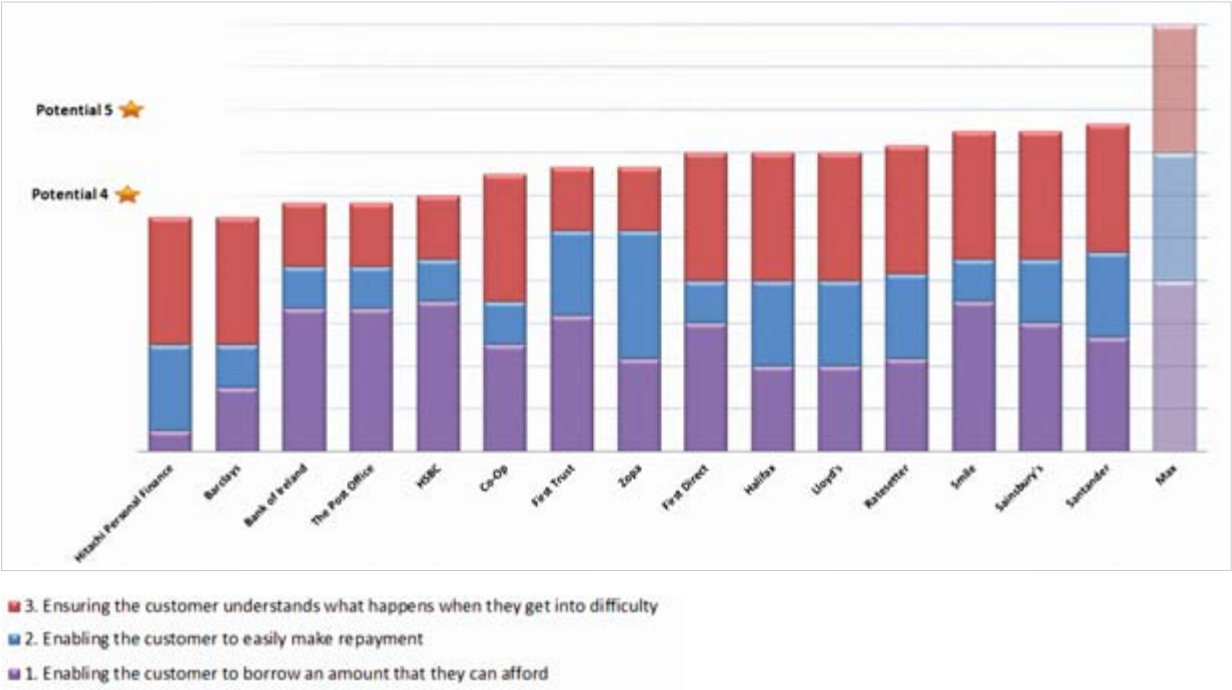
8. Personal loans

This is the first time that the Fairbanking Foundation has attempted to identify personal loans that have elements designed to help customers to manage their money better. The Lending Code has done a lot to ensure that minimum standards are applied to lending. It was not clear that there was sufficient potential to improve personal loans in the same way as regular savings, current accounts and credit cards. The questionnaire focuses on three areas; borrowers taking a good decision, easily making repayments and providing help early if a customer is having difficulties or if their circumstances change. The questionnaire considered the issue of customers who were in default, but could not identify how new approaches for these customers would be developed and so this area is not included in the rating. This is in line with our charitable objective focused on education and prevention of financial problems for customers.

The results are reliant on understanding answers from the financial institutions responding. In the other product surveys, many responses have to be amended as respondent institutions claim features that are not what was meant and very frequently miss features that are present. Many of these corrections are based on knowledge gathered in the last four years, as personal loans are new, there are more likely to be inaccuracies in the interpretation of what the lenders are claiming. The scoring has been applied consistently, but for this product, there is more reliance on the claims from lenders being correct.

Figure 22 shows all are 3 stars if the same cut-offs were used as for other products and that a lot are at the 4 star level. As has been stated this may be because the Lending Code has been effective in raising the quality of lending in the interests of customers. This has implications for the establishment of a new Fairbanking Mark for personal loans. Maybe only a 5 star Mark should be available for personal loans, signifying verified, exceptional practices to support customers. The survey has been a helpful first step and it is excellent that so many organisations chose to participate.

Figure 22: Personal loans – all rated products



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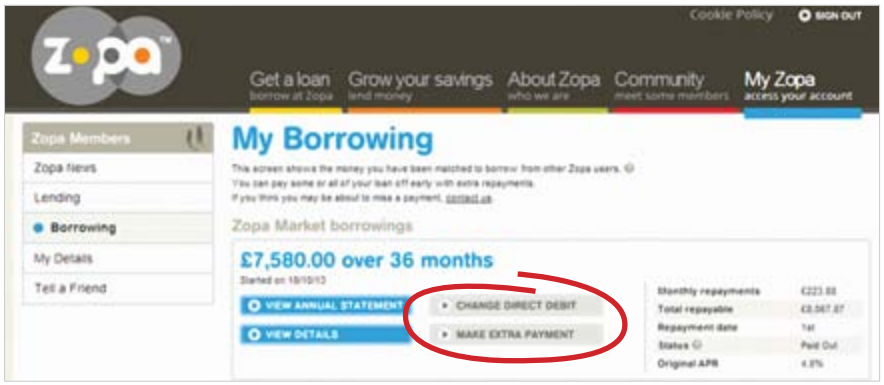
1. Enabling the customer to borrow an amount that they can afford

Almost all lenders are offering tools to help assess the costs of borrowing for different amounts and periods. The questions were designed to identify what the lender is doing to help borrowers assess for themselves whether they could comfortably afford the loan requested. There was a tendency for the answers to be from the perspective of the lender, rather than helping the borrower to have made a good decision. Of the large institutions, HSBC was exceptional in making it clear that it will expect all applicants to prepare a full income and expenditure statement together with disclosing all other loans that the applicant has. A lot of lenders emphasise the use of credit scoring and credit reference agencies. These may help lenders to protect the default rate, but they do not help individual borrowers in being a part of the decision making process. Zopa stood out as going to additional lengths to try to ensure the accuracy of information provided by clients. Checking into the companies of the self-employed and reviewing bank statements may not reduce bad debt significantly, but it does set a tone of expecting customers to take the provision of information seriously.

2. Enabling the customer to easily make repayments, including for more than the agreed amount.

Most major lenders insist on a direct debit, although some require standing orders. The standing order may give some customers a greater sense of flexibility, but on the whole, a direct debit should work well for customers to ensure they make the payments on schedule. For some customers it would be good to pay off a loan early if they can afford to do so. It should be possible to identify features that promote this and whether there are deterrents, such as financial penalties. Co-op bank/Smile noted that they planned to make this clearer on the annual statement. The most innovative approach is that of Zopa, which has a "pay extra button" on the "borrower dashboard", designed to encourage customer to pay off extra at no additional charge. They advise that 48% of customers make penalty-free early repayments many using this easy mechanism illustrated in Figure 23.

Figure 23: Zopa – encouraging early repayment of loans



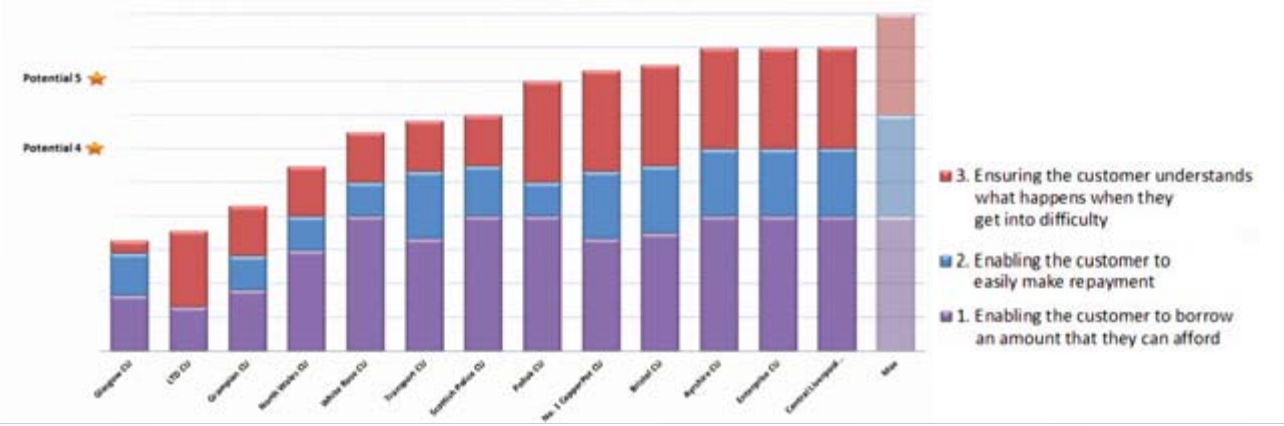
3. Ensuring that customers are offered help early if the customer has experienced a change in circumstances or other difficulty.

All lenders stated that they were there to help borrowers showing signs of difficulty and were ready to develop budget plans with them. Lloyds/Halifax appeared the most accommodating in that they stated that even before a payment had been missed they encouraged customers to contact them and would consider a revised payment plan. All lenders had a strategy for referral to independent agencies such as StepChange. Institutions went to some lengths to explain their practices and there was little difference between them. It would be good to use the rating to encourage specific practices for referral to advice agencies.

8.1 Credit Unions

Many of the credit unions have a higher rating than the other providers in the previous section. We have checked the responses against public information and there are six credit unions in this sample that have the potential for a 5-star product/service for personal loans. They indicate exceptional care in the three areas of helping the customer understands affordability, enabling repayment and providing an understanding of potential consequences in the event of difficulty.

Figure 24: Credit union personal loans – examples



Overall, the approach taken to personal lending by credit unions is a lot more individual for most of the respondents than that of the other lenders above.

1. Enabling the customer to borrow an amount that they can afford

Many of these credit unions gave answers showing that a full budget was constructed including all other debts. The customer would be able to see for themselves whether the loan was affordable. Some credit unions explained that they required evidence of all sources of income and would not include income that could not be evidenced.

2. Enabling the customer to easily make repayments, including for more than the agreed amount.

It was clear that most were encouraging earlier payment if the member could afford to do so. Central Liverpool Credit Union describes the "savings-based loan", this is a loan based on the evidence of how much the member was previously able to save a month. Apparently "members often boast about the amount of money they have managed to save (often for the first time in their lives) no matter how small the amount". Future loans are based on this ability to save, which must be the ultimate in responsible lending.

3. Ensuring that customers are offered help early if the customer has experienced a change in circumstances or other difficulty.

Again the credit unions tend to be very member orientated when there is a problem. No.1 CopperPot Credit Union states "each is considered on its own merits" and may be offered "various options from extended term to reduced or cancelled interest". Bristol Credit Union states "at any time, if the customer's circumstances have changed and they can no longer afford repayments, they can complete a new budget statement and we will assess an affordable level of loan repayment. They can do that prior to missing a payment (and we much prefer that to having to chase them!) Whether the credit unions could maintain this more tailored approach if the member numbers were to increase significantly, but the answers in this section were particularly indicative of the supportive approach that would have begun when the loan application was received.

9. A Vision of Research for the Industry

There are a number of factors coming together that create an opportunity for advancing research on personal financial management. There is a need to draw together and provide open access to research in order to push forward innovation in the interests of customers. There is a tendency for each institution to conduct similar research and reach similar conclusions resulting in relatively modest incremental change. As the industry reduces its most egregious practices the opportunity exists to create an environment in which there is an expectation of continuous innovation in the interests of customers. There are legitimate constraints, particularly in relation to legacy systems and the restrictions of regulatory compliance. However, the current environment in retail financial services may mean there is greater opportunity than ever before, key drivers are:

- Smartphone/Tablet – the scope for helping customers with financial management has only just started. Unlike core banking systems there is more scope to experiment and try features that may alter financial habits.
- Behavioural Economics – the body of academic evidence for approaches that affect behaviour is growing. Although most of the applications have been in the medical sphere, there is an opportunity to apply the same approaches to help people with financial management.
- Cultural post-crisis change – banking institutions need to increase trust and create a culture that is robust as the economy improves. Identifying more opportunities to develop products and services that genuinely help customers is one way of doing this. Leaders are showing some commitment to creating this environment.

There are a wide range of areas that could be better understood. Examples are how to identify how much a household should have in a "rainy day" fund and how to communicate that a customer may be going to have financial difficulty in a way that leads to action. Other industries do have such centres of research excellence.

The Fairbanking Foundation has made a contribution to a greater understanding of what can be done to help customers of financial institutions. It is committed to using research findings to promote improved financial well-being.

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Appendix 1 – Methodology

1. Financial Well-being Components

Full details of the research methodology for Financial Well-being are contained in the report "Fair banking: the road to redemption for UK banks" (CSFI, July 2009). The factors included in the measure of Financial Well-being derive from a qualitative and quantitative study undertaken in 2008. In 2013, a version of this report has been accepted for publication in the journal, Social Indicators Research, entitled Financial Well-being Components.

Two sections of the population were chosen, both with an annual household income in the range of £15,000 to £60,000:

Young workers: Aged 18 to 29, they may be single, married or co-habiting, but have no children; and

Families: Aged 25 to 39, they may be married, co-habiting, separated, widowed or divorced, they have at least one child under 16 years of age living at home.

These are both groups in society where money management is important. Young people as their finances can take a step-change in complexity and families with young children as this is often linked with the pressures of losing one income or moving home.

The quantitative research involved an on-line survey of 654 people conducted between mid-November and early December 2008. Respondents were split equally between young workers and families. The survey took around 30 minutes to complete. The only other criteria for inclusion were that all respondents should have a current account and that there should be approximately equal numbers of men and women.

Regression techniques were used to identify the key factors for Financial Well-being for both young workers and families. Regression analysis is a statistical technique that in this research uses the responses to attitudinal statements and other factors (such as income and unsecured debt) to identify whether any are statistically significant drivers of the outcome. In this case, the dependent variable was the response to the question "how satisfied are you with your overall financial circumstances?", with the answer on a seven-point scale.

The key factors driving Financial Well-being contained in the report were as follows:

Factor 1 Assist customers with the **control of their money**;

Factor 2 Assist customers (particularly younger customers) with **"thinking of their money in pots for different purposes"**;

Factor 3 Assist customers (particularly families with young children) to **adjust their expenditure on non-essentials when life events occur**;

Factor 4 Assist customers with having **plans to reduce debt or increase savings**.

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2. Fairbanking Ratings Methodology

For each product, key features are identified which are likely to improve the financial well-being of customers when used.

A question was asked about each feature (Appendix 2) with additional questions for each positive answer. Some new features were included. The features in the rating are grouped into categories as follows:

Product	No. of features	No. of categories	New features
Current account with overdraft	24	5	4
Current account without overdraft	20	6	3
Regular savings	19	6	1
Credit card	19	4	4
Personal loan	11	3	N/A

Adding the score for each feature arrives at an aggregate score. Some features carry sufficient weight that the overall score is not reduced even if another feature is absent. For example, if a credit card enables the customer to receive an e-mail or text message alert when the balance reaches a certain level, it would not be penalised if it did not have a feature that alerted the customer when it approached the credit limit. The card is putting control in the hands of the customer to establish an alert at any level, which is considered to have a greater potential influence on well-being.

The features do not carry equal weight; this is the main area of the ratings methodology where there is a subjective element. The relative position of different products is likely to be correct for each feature. The precise differentiation requires a level of judgement in respect of the scoring. In 2013 the scoring has been balanced so that one category does not become disproportionate as a result of it including more features than another. Even with further research it will not be possible to remove the subjective element entirely as the importance of a feature will vary according to the circumstances and characteristics of the customer.

The rating is reduced if the feature has a charge for its use.

3. Fairbanking Survey Methodology

In partnership with the Z/Yen Group Limited (Z/Yen) on-line versions of the ratings questionnaires were developed (for components see Appendix 2).

In all 55 banking institutions were approached covering a total of 121 products. A comprehensive programme of contact and follow-up was undertaken to encourage as many organisations as possible to participate resulting in an overall response rate of 58%.

Product	Current account with overdraft	Current account without overdraft	Regular Savings	Credit Card	Personal Loan	**Total of institutions**
Participating	13 (65%)	6 (67%)	18 (50%)	15 (54%)	15 (54%)	**32 (58%)**
Declined	5 (25%)	3 (33%)	15 (42%)	10 (36%)	10 (36%)	**20 (36%)**
No reply	2 (10%)	0 (0%)	3 (8%)	3 (10%)	3 (10%)	**3 (5%)**
Total	20	9	36	28	28	**55**

The participants are detailed in Appendix 4. In addition, 16 credit unions participated of 39 that were approached. The responses are subjected to detailed review. Where an organisation declined to participate or made no reply then data from publically available sources has been used. Fairbanking recognise that data may be missing or incorrectly interpreted in these cases.

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Appendix 2

Five questionnaires used in the survey (worded as statements):

Regular Savings, Current Accounts with and without Overdrafts, Credit Cards (new features highlighted)

Personal Loans (features included in the rating are highlighted)

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Product Specification: Regular Savings

1 Enabling the customer to set a savings goal or "pot"

This section looks at features that are more likely to lead to savings action by making a commitment to a specific goal.

1.1 The customer has the functionality to set up a savings goal or "pot".
1.2 Different goals or "pots" can be set for different purposes e.g. wedding, car, holiday.
1.3 Goals or "pots" can be personalised e.g. not just a pre-set purpose but named by the customer.
1.4 Tools are available to help the customer identify different combinations of amount and time periods to meet their regular savings objectives.
1.5 The customer can produce or see different views of the savings goals e.g. pictorial, tabular display, video.
1.6 The customer is provided with "norms" for example average monthly savings amounts for other "similar" customers' or for similar "goals" for information.

2 Providing the customer with feedback

This sections looks at feedback that gives the customer information on the progress they are making in a way that motivates.

2.1 Feedback is provided on how savings are building to reach a goal.

3 Setting up a "rainy day" fund

This section looks at features that encourage people to have a contingency for unexpected expenditure.

3.1 The customer is able to set up a "rainy day" fund for emergencies.
3.2 If a 'rainy day' saving functionality is provided, encouragement is given to re-build the fund if it is used.

4 Setting up a budget

This section looks at features that help people to be realistic about the amount they can save on a regular basis.

4.1 There is an integrated tool that enables the customer to set a budget to determine a realistic amount for saving which is linked to their goals or 'pots'.
4.2 The product enables the customer to produce different views of the budget tool e.g. pictorial, tabular display.

5 Setting up payments

This section looks at how straightforward it is to set up a regular payment as a result of either having set a goal or creating a budget.

5.1 The customer is prompted to set up payments as a result of the goal-setting and/or budget setting process.
5.2 There is an easy mechanism for setting up payments to the regular savings product.

6 Providing motivation and incentives to continue with or re-align a goal

This section looks at features that provide customers with messages that encourage them to continue with or re-align goals and at financial incentives to encourage customers to continue with saving.

6.1 Encouragement is given to the customer to keep on saving even if on-target.
6.2 Encouragement is given if the customer falls behind to get back on track without "beating the customer over the head" e.g. the customer can switch-off or control messages.
6.3 Encouragement is given even if the customer falls behind and doesn't "recover" to keep on saving e.g. the customer can re-align the goal to a more realistic target.
6.4 The customer can produce or see different views of the "encouragement" e.g. pictorial, tabular display.
6.5 The customer is encouraged to establish a new goal when a goal has been achieved
6.6 Incentives are provided to the customer that are designed to provide commitment that is continuous i.e. not just geared to achieving a specified objective.

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Product Specification: Current Account with Overdraft

1 Keeping the customer informed and in control - account balances and alerts

This section looks at features that let the customer know exactly how much is available to spend at any given point in time giving the customer a sense of control and the ability to manage their finances.

1.1 The product provides the customer with the ability to receive a message or an alert of the available balance of the account on a regular basis.
1.2 A message providing balance of account is available on request at any time.
1.3 The customer can request a mini-statement of last transactions at any time.
1.4 The product provides the customer with the ability to trigger a message if the balance has reached a certain level, preferably determined by the customer.
1.5 The product provides the customer with the ability to trigger a message if the account balance has reached a minimum & maximum level, preferably determined by the customer.

2 Enabling the customer to keep track of income and expenditure

This section looks at features that let the customer track how much income they are receiving against how much they are spending, helping them to identify trends i.e. whether expenditure is less than income, a key factor of financial well-being.

2.1 The product enables the customer to track their overall income and expenditure, i.e. the product provides a summary of the overall income received for a period and the overall expenditure spend during that period.
2.2 The product enables the customer to produce or receive an income/expenditure time profile. i.e. the customer can look at the change in income and expenditure over time.
2.3 The product enables the customer to produce different views of income and expenditure (e.g. pictures and numbers).
2.4 The product alerts the customer to opportunities for regular saving e.g. for rainy day or other reasons.

3 Enabling the customer to keep track of expenditure by detailed category

This section looks at features that may help customers with being on top of their expenditure by providing an in-depth understanding of where they spend their money.

3.1 The product enables the customer to review expenditure by detailed category. e.g. dining out, petrol, groceries, entertainment.
3.2 The product enables the customer to review expenditure by category through time. i.e. can the customer look at how expenditure categories change over time (e.g. pictures and numbers).
3.3 The product enables the customer to produce different views of the expenditure categories.
3.4 The expenditure category functionality allows for comparison with others e.g. an average for other customers spending habits for each category (perhaps with similar income levels).
3.5 The product enables forecasting of future expenditure (e.g. using information on regular bills to identify a potential deficit based on previous or current income).

4 Enabling the customer to set a budget

This section looks at features that help customers to be realistic about the amount they receive and what they have to spend and help them to stay within their budget.

4.1 The product enables the customer to set an overall budget.
4.2 The product enables the customer to set a budget by different categories, e.g. dining out, petrol, groceries, entertainment.
4.3 The product tracks the actual expenditure against the set budget.
4.4 The product provides alerts with helpful prompts to amend budget plan if circumstances change.
4.5 The product gives incentives for achieving plan.

5 Enabling the customer to manage an overdraft

This section looks at features that help customers to take control of their debts and to take realistic actions to reduce those debts.

5.1 The product has an automatic tool to forecast overdraft growth, provide alerts and identify appropriate repayment amounts.
5.2 The product enables customers to set a plan to reduce debt.
5.3 The product gives incentives to meet plan.
5.4 The product notifies the customer with a message if the balance is near the authorised credit limit.
5.5 The product notifies the customer with a message if a debit transaction/s will take the balance over the authorised credit limit that day enabling the customer to take remedial action.

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Product Specification - Current Account without Overdraft

1 Keeping the customer informed and in control - account balances and alerts

This section looks at features that let the customer know exactly how much is available to spend at any given point in time giving the customer a sense of control and the responsibility to manage their finances.

1.1 The product provides the customer with the facility to receive a message or an alert of the available balance of the account on a regular basis (e.g. fortnightly, weekly, daily by text, e-mail or phone).
1.2 The product provides the customer with the facility to trigger a message if the balance has reached a certain level, preferably determined by the customer.
1.3 A message of balance of account is available on request at any time.
1.4 The customer can request a mini-statement of last transactions at any time.
1.5 The product provides the customer with the ability to trigger a message if the account balance has reached a minimum & maximum level, preferably determined by the customer.

2 Enabling the customer to keep track of income and expenditure

This section looks at features that let the customer track how much income they are receiving against how much they are spending, helping them to identify trends i.e. whether expenditure is less than income, a key factor of financial well-being.

2.1 The product enables the customer to track their overall income and expenditure; i.e. the product provides a summary of the overall income received for a period and the overall expenditure spend during that period.
2.2 The product enables the customer to produce or receive an income/expenditure time profile; i.e. the customer can look at the change in income and expenditure over different time periods.
2.3 The product enables the customer to produce different views of income and expenditure (e.g. pictures and numbers).

3 Enabling the customer to keep track of expenditure by detailed category

This section looks at features that may help customers be on-top of their expenditure by providing an in-depth understanding of where they spend their money.

3.1 The product enables the customer to review expenditure by detailed category, e.g. rent, utilities.
3.2 The product enables the customer to review how expenditure in categories change through time, i.e. the customer can look at how expenditure categories change over different time periods.
3.3 The product enables the customer to produce different views of the expenditure categories (e.g. pictures and numbers).
3.4 The expenditure category functionality allows for comparison with others e.g. an average for other customers spending habits for each category (perhaps with similar income levels).

4 Enabling the customer to set a budget

This section looks at features that help customers be realistic about the amount they receive and what they have available to spend and help them to stay within their budget.

4.1 The product enables the customer to set an overall budget.
4.2 The product enables the customer to set a budget by different categories, e.g. rent, utilities.
4.3 The product tracks the actual expenditure against the set budget.
4.4 The product provides alerts with helpful prompts to amend budget plan if circumstances change.
4.5 The product gives incentives for achieving plan (non-financial and/or financial).
4.6 The product alerts the customer to opportunities for regular saving e.g. for rainy day or other reasons.

5 Forecasting to enable the customer to live within means

This section looks at features that help customers forecast whether they will run out of money to pay regular bills in a period, enabling customers to take action.

5.1 The product enables forecasting of future expenditure (e.g. using information on regular bills to identify a potential deficit based on previous or current income).

6 Ring-fencing of bill payments to give reassurance that these bills will be paid

The section looks at features that help customers ensure that regular bills are paid prior to money being made available for other purposes.

6.1 The product supports ring fencing of expenditure e.g. regular bills vs discretionary spend.

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Product Specification: Credit Card

1 Keeping the customer informed and in control - account balances and alerts

This section looks at features that let the customer know exactly how much is available to spend at any given point in time and when payments are due giving the customer a sense of control and the responsibility to manage their finances.

1.1 The product provides the customer with the ability to receive a message of the available balance of the account on a regular basis at specified time periods.
1.2 The product provides the customer with a reminder message to make the monthly payment.
1.3 The product provides the customer with a reminder message if the account balance is approaching the credit limit.
1.4 The product enables the customer to set a customised amount that triggers a reminder message if the account balance reaches that amount.
1.5 A message providing balance of account is available on request.
1.6 The customer can request a mini-statement of last transactions at any time.

2 Enabling the customer to keep track of expenditure by detailed category

This section looks at features that may help customers with being on top of their expenditure by providing an in-depth understanding of where they spend their money.

2.1 The product enables the customer to review expenditure by detailed category, e.g. dining out, petrol, groceries, entertainment
2.2 The product enables the customer to review expenditure by category through time, i.e. the customer can look at how expenditure categories change over time.
2.3 The product enables the customer to produce different views of the expenditure categories.
2.4 The expenditure category functionality provides a comparison with others e.g. an average for other customers (perhaps with similar incomes) of how much they spend in each of the categories.
2.5 The product enables the customer to set a budget by different categories. e.g. dining out, petrol, groceries, entertainment
2.6 The product tracks the actual expenditure against the budget for each category set.

3 Encouraging the customer to repay as much as they can afford

This section looks at features that encourage customers to repay more than the minimum amount if they can afford to do so.

3.1 The product gives alternatives to making the minimum payment that encourage the customer to consider what they can afford (de-emphasising the minimum as a default).
3.2 Customers making the minimum payment are contacted in a way that encourages them to make a larger payment.
3.3 It is possible to easily pay all or part of the balance, including with a debit card.
3.4 It is straightforward to pay any amount including the full balance by direct debit.

4 Enabling the customer to plan repayments to reduce debts

This section looks at features that help customers to take control of their debts and to take realistic actions to reduce those debts.

4.1 The product shows the customer how long different repayments will take to reduce the outstanding balance/debt.
4.2 The product enables the customer to set up a repayment plan to reduce debts.
4.3 The product give incentives to meet plan/reduce debt.

Additional Credit Card Questions

The following questions were asked in the survey, but have not been included in the specification for the rating. This was primarily because it was difficult to identify from the answers evidence of better practice than the minimum guidelines. It was explicitly requested that responses go beyond legislation, regulation and minimum guidance from the UK Cards Association.

5. Reviewing the credit limits of customers to ensure that they remain appropriate?

On the understanding that a credit limit can be a temptation when customers are under pressure, this section seeks to identify how limits are being appropriately managed in the interests of customers i.e. that the customer has taken a good decision when using or increasing a limit.

5.1 Are credit limits regularly reviewed to ensure that they remain relevant and affordable for the customer?
5.2 If a customer requests a credit limit change do you follow the UK Cards Association best practice guidelines?
5.3 Are unsolicited credit limit increases offered to customers?
5.4 Are unsolicited credit limit decreases made?

6. Enabling the customer in potential difficulty to take action earlier

This section looks at features that encourage customers to seek help either following missed payments or before this time.

6.1 Are customers who have missed a payment contacted and offered help? e.g. sign up to alerts, direct debits, budgeting support. If yes, what form does this help take?
6.2 Are customers who express that they may be in a position of difficulty actively directed to a source, either internal or external, which can provide them with support? What evidence do you have that customers are taking up the encouragement to get this type of support?
6.3 Is data used to identify customers that may benefit from financial management help and to offer this in a supportive way? If yes, how is this done?
6.4 What action is taken to try to ensure that fees do not accumulate disproportionately, particularly on cards with low balances?

7. Interest rates and charges

This section looks at features to ensure customers understand the reasons for interest rate changes.

7.1 What is done to ensure customers understand the circumstances under which interest rates may increase?
7.2 When repricing, do you include an option to close the account and repay the remaining balance, at the existing rate of interest? If so, within what period?
7.3. When repricing, do you offer alternative lending products or provide an option to transfer the balance to a product at the existing (or lower) rate of interest?

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Personal Loan Questions

1 Enabling the customer to borrow an amount that they can afford

This section looks at features that enable the customer to consider whether a loan is appropriate for them and whether they can afford the repayments for the loan. This will include information presented in a form that the customer understands relating to what is likely to happen if they find that they cannot afford to repay.

1.1 Does the product provide the customer with the ability to understand the amount of repayment for different periods and amounts?
1.2 Does the product provide the customer with a tool to work out whether they can afford to repay the loan (e.g. a budget planner) designed appropriately for the customer?
1.3 Does the product specifically enable the customer to consider the total amount of debt, including the new loan that they will need to service if the loan is approved?
1.4 Is the customer encouraged to give correct income information and to realise the consequence of over-stating income?
1.5 Do you ask the customer about other loans and commitments they have?
1.6 Does the product advise the customer of what may happen if they do not repay on time in a way that the customer understands?

2. Enabling the customer to easily make repayment, including paying early.

This section looks at features that enable the customer to make a payment easily and reminders to do so if appropriate. The objective is to make it as easy as possible for the customer to make a repayment. For some customers, repaying early will reduce worry and reduce vulnerability to a change in circumstance.

2.1 Does the product encourage the use of a direct debit or standing order to make the regular payment?
2.2 Does the product allow the customer to repay early without a fee or charge?
3.2 Does the product have any encouragement to repay early, such as reminders that this is possible during the life of the loan?

3. Ensuring the customer understands what happens when they get into difficulty and that efforts are made to help the customer act in their best interests if the customer has experienced a change in circumstances

This section looks at features designed to ensure that the customer takes action at the earliest time if they face difficulty. It considers how the customer is treated given that their circumstances may have changed and the way in which the customer is supported.

4.1 Does the product contain features designed to encourage the customer to take action if they are finding payment difficult?
4.2 Is the customer offered a plan to repay at an affordable level and at what point is this offered i.e. after how many missed payments?

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Appendix 3

Frameworks of Behaviour Change

Medical health professionals have for many years recognised that understanding behaviour in order to design interventions was critical to improving health outcomes. Financial well-being is a similar field in that, especially in respect of preventative action, it is important to have a behavioural framework. We can do no more in this section than highlight why behavioural thinking is so important if customers of banking institutions are going to receive "treatment" from products and services that will help them.

In the last report this section focused on the "MINDSPACE" framework contained in a report for the UK Government's Cabinet Office[4] and a report for the Consumer Financial Education Body, co-ordinated by The Fairbanking Foundation, which gives a detailed analysis of interventions to change behaviour in financial services.[5] The MINDSPACE framework can be used to identify automatic behavioural processes (as opposed to rational decision processes) that can be used in designing policy interventions. In this context, the framework is used to demonstrate how better personal financial management can be encouraged.

A report authored by Michie et al[6] provides a useful framework called COM-B that encapsulates all potential behavioural interventions. The authors develop a "behaviour system" in which capability, opportunity and motivation interact to generate behaviour that in turn influences these components. The following table shows the sub-divisions of the three components with MINDSPACE as a sub-framework of automatic motivation.

Capability – defined as the individual's psychological and physical capacity to engage in the activity concerned	Psychological	Level of knowledge, awareness, appropriate (emotional, cognitive and/or behavioural) skills and capacity to engage in the necessary thought processes such as comprehension, reasoning etc.
	Physical	Physical skill development which is the focus of training.
Opportunity – defined as all the factors, social and physical, that lie outside the individual that make the behaviour possible or prompt it	Social	Afforded by the cultural milieu that dictates the way that people think, including the set of shared values and practices that characterise institutions and groups.
	Physical	The infrastructure or technology available for people, which can guarantee sustainability of the target behaviours.
Motivation – defined as all those brain processes that energize and direct behaviour, which includes reflective and automatic mechanisms	Automatic – predominantly influenced by the context – we do not think about these	MINDSPACE
	Reflective -usually targeted in interventions based on cognitive behavioural therapy or public policies that include information provision and economic incentive	Evaluation – usually based on information provision and incentives. Goal setting – including abstract long-term goals and short-term goals. Planning – specifying where, when, and how to execute an action

4 Dolan, P., Hallsworth, M., Halpern, D., King, D., & Vlaev, I. (2010). MINDSPACE: Influencing behaviour through public policy. Report for the Cabinet Office, UK.

5 Elliott, A., Dolan, P., Vlaev, I., & Metcalfe, R. (2010) Transforming Financial Behaviour: developing interventions that build financial capability. (Consumer Financial Education Body)

6 Michie, S., Van Stralen, M. M., & West, R. (2011) The behaviour change wheel: a new method for characterising and designing behaviour change interventions. (Implementation Science)

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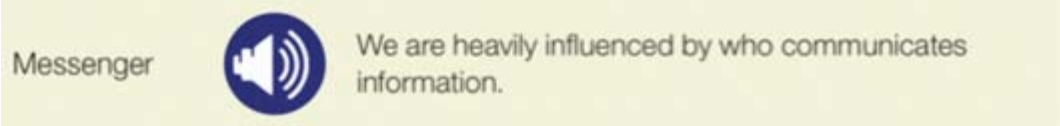
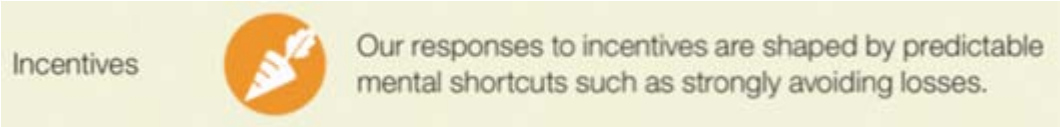
MINDSPACE

This framework is included because of the importance of consider the behavioural approach for every feature contained in a banking product designed to help customers to achieve better financial management. The key questions are "what outcome is that feature designed to achieve for the customer?" and "what combination of components from the behaviour change framework are being utilised?"

In this report it has become clear that the features include components that are changing the opportunity for customers. The development of features for smartphone and tablet are a good example of this since it is clear that providing a feature on the device of choice for the customer is critical to success. Motivation remains very significant and it remains the case that financial institutions are novices when it comes to "nudging" customers in a positive direction with their financial management. Many of the features that the Fairbanking Foundation encourages are drawn from the framework in respect of automatic motivation.

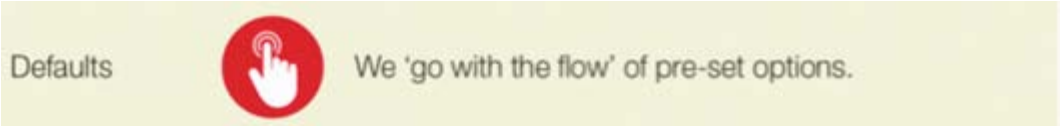


Messenger– financial institutions have suffered a loss of trust in the context of acting in the best interests of the customer, but it remains of critical importance in influencing customers that this is regained.



Incentives– one non-financial incentive is allocating money to a "pot" or jam jar, this action makes it less likely it is used for other purposes. Examples of its application are saving and bills pots. Another example is a reducing balance on a card that has been loaded with money may trigger loss-aversion, which is not achieved with a credit card. Financial incentives include bonuses for meeting savings targets or a lower loan rate for making regular payments, but the incentive needs to be capable of salient communication to be effective.

Norms– providing information about "other people like you" can alter behaviour. Giving information in the right form about the spending or saving pattern of others can influence the choices we make. We may choose to join a group e.g. savers that we did not know enough about previously.



Default– if a product is designed so that the default decision is to take a certain path, we are likely to "go with the flow". It is easier and we are more likely to complete the task if the decision is made straightforward. A good example is the automatic setting up of a standing order or direct debit having decided how much to save each month or automatically paying a credit card balance. It can help overcome procrastination.

Salience		Our attention is drawn to what is novel and seems relevant to us.

Salience– this is related to ways of presenting information that makes it relevant to us and therefore more likely for us to take action. Examples are showing how much was spent over different periods may encourage us to spend less or clearly showing progress with saving to a goal may make it more likely we keep going.

Priming		Our actions are often influenced by sub-conscious cues.

Priming– making suggestions or asking appropriate questions can change behaviour. Examples that may be effective are suggesting focusing on how money saved could be spent e.g. on a weekend away. This approach may help reduce spending in some areas as well as increase saving.

Affect		Our emotional associations can powerfully shape our actions.

Affect– our emotions can be used to alter behaviour. There is little documented evidence in financial services. A potential experiment would be for customers to attach a relevant wedding or car photograph to the account being used for savings, monitoring the amount saved to see if it increased compared with others that did not do this.

Commitments		We seek to be consistent with our public promises, and reciprocate acts.

Commitment– there is much evidence to support the success of using pre-commitment to alter behaviour. In finance, it works well because it helps overcome the problem of over-valuing present expenditure (hyperbolic discounting). It makes a future decision in the present frame. Examples are setting goals for savings or debt reduction.

Ego		We act in ways that make us feel better about ourselves.

Ego– in trying to act in ways that represent a consistent self-image, it may result in lower financial well-being. For example, if you see yourself as a poor money manager and the type of person who always has an overdraft, you will act accordingly. The financial health check can be a catalyst to take specific actions that can gradually alter this self-image.

Appendix 4 – Survey Participants

	Regular Savings	Current Account with overdraft	Current Account without overdraft	Credit Card	Personal
AA				N	N
Aldermore Bank	N				
AMEX				Y	
Bank of Ireland (UK)	Y	Y		Y	Y
Barclays Bank	Y	Y	Y	Y	Y
Capital One				Y	
CardOne			Y		
Citibank International	Y	Y			
Clydesdale/Yorkshire Bank	N	N		N	N
Co-operative Bank		Y	Y	Y	Y
Smile (part of Co-op)					Y
Coventry Building Society	N	N			
Cumberland Building Society		N			
Danske Bank Limited	N	Y	N	N	N
First Trust	Y	Y	Y	Y	Y
GE Capital Bank Limited	N				
Hitachi Personal Finance					Y
HSBC Bank	Y	Y		Y	Y
First Direct (part of HSBC)	Y	Y		Y	Y
ICICI Bank UK	Y				
Islamic Bank of Britain		Y			
John Lewis				N	
Julian Hodge Bank Limited	N				
Leeds Building Society	Y			N	
Lloyds Bank	Y	Y		Y	Y
Halifax Bank (part of Lloyds Banking Group)	Y	Y		Y	Y
Marks & Spencer Financial Services		N		N	N
MBNA				Y	
Metro Bank	N	N		N	N
National Counties Building Society	N				
Nationwide	N	N		N	N
Newcastle Building Society	Y				
Norton Finance					N
Nottingham Building Society	N		N		N
OneSavings Bank	N				
Post Office	Y		N	Y	Y
Principality Building Society	Y				
Progressive Credit Limited				N	
Ratesetter					Y
Royal Bank of Scotland/ NatWest	Y	Y		Y	Y
Saffron Building Society	Y				
Sainsbury's Bank	N			N	N
Santander UK	Y	Y		Y	Y
Secure Trust Bank	N		Y		N
Skipton Building Society	Y				
State Bank of India	N	N			
Sygma Bank UK/Creation				N	N
Tesco Personal Finance	N			N	N
Think Money Ltd			Y		
Vanquis Bank Limited				N	
Virgin Money	N			Y	
Wesleyan Bank Limited	N				N
West Bromwich Building Society	Y				
Yorkshire/Chelsea/Barnsley Building Societies	N				
Zopa					Y

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