

Consumer
Research

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Financial Services Authority

*An evaluation of the
FSA leaflet on basic
bank accounts*

Prepared for the FSA
by the Personal Finance
Research Centre

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Nick Moore

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Executive summary

In May 2003, the Financial Services Authority (FSA) published a leaflet that was designed to inform consumers about basic bank accounts. The leaflet was subsequently revised and re-published in 2005 as *Basic bank accounts - your questions answered*. The aim of this study is to assess the extent to which the basic bank account leaflet achieves the FSA's goal, which is to arm consumers with the information and confidence that they need to make informed decisions. Within this overall aim, the study has three specific objectives:

- To assess whether the leaflet promotes confidence and informed decision-making among consumers who are considering a basic bank account.
- To assess whether the leaflet provides third parties with the information they need to help their clients.
- To evaluate the leaflet in terms of its:
 - relevance;
 - credibility;
 - comprehensibility;
 - tone;
 - power to motivate; and
 - ability to provide signposts to further information.

The evaluation called for a qualitative research approach involving both agencies and individuals. Accordingly, we carried out in-depth interviews with 46 staff in citizens advice bureaux; independent, not-for-profit advice services that specialised in money advice; housing associations; Jobcentre Plus offices; and offices of the Connexions youth advice service.

To complement this, we interviewed 30 consumers. Half had used the leaflet to decide whether to apply for a basic bank account, or to choose the account that was most appropriate to their circumstances. The other half were people for whom a basic bank account might be an appropriate option but who were unaware of the leaflet before the interview.

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Use by consumers

The leaflet made a very positive impact on all the consumers who had an immediate need to open a basic bank account. It alerted people to the existence of the accounts and it provided the information they needed to make a decision about whether to open an account. It enabled them to work out which account best suited their requirements and it gave them the confidence to make an approach to a bank, although some still needed help from their adviser.

Consumers were advised to take a copy of the leaflet with them when they applied for an account at the bank. This helped to ensure that they were offered a basic account and not a standard current account. It also helped people, particularly those lacking in self-confidence, overcome difficulties with proof of identity.

Use by intermediaries

Intermediaries made extensive use of the leaflet to reinforce the advice they provided to their clients and generally considered the leaflet to be a useful tool. In particular, intermediaries found it useful to have something that reinforced messages they gave orally. Further, the people who were most positive about the leaflet tended to be the advisers who used it most intensively.

The effectiveness of the leaflet

The contents of the leaflet were relevant to the needs of the consumers: it provided them with enough information to make a decision about whether they required a basic bank account as well as the information they needed to choose the most appropriate provider. This view was endorsed by the advisers. The table of accounts - *Basic bank accounts: Summary of what's available* (pages 6 and 7) - was almost universally praised. Consumers and advisers all thought this table was really effective.

Credibility was generally high among consumers. The people we interviewed all took the information contained in the leaflet at face value and believed it to be accurate and independent. No-one questioned the accuracy of the information or said that they felt it provided a distorted picture.

Both consumers and advisers found the leaflet easy to comprehend. It was described by one adviser as 'reader-friendly'. People recognised that the leaflet had to meet the needs of people with differing characteristics and in differing circumstances. The general feeling was that it managed to get the balance about right.

Consumers and advisers also felt that the tone of the leaflet was generally good. The most frequent comments were that the tone was 'about right' or 'fine'. They went further and noted that the tone was neither condescending nor patronising.

Most of the consumers who had decided that they needed a basic bank account were motivated to open one. They had used the leaflet in conjunction with advice from an intermediary and it was not possible to say which was the more powerful motivating force - the leaflet or the adviser.

Both consumers and advisers thought the list of useful contacts on pages 12 and 13 of the leaflet was helpful. Some consumers were surprised by the range of potential sources of help. The citizens advice bureau (CAB) service seemed to be the preferred source of further information, largely because it was the best known.

We asked about people's perceptions of the FSA. The consumers' level of awareness of the FSA was low but some felt that they could trust the FSA **because** it had produced the leaflet - they said this demonstrated that it was working to help consumers. In marked contrast, the FSA was well-known and well-respected among the intermediaries for whom the provision of financial or money advice was a mainstream activity.

Conclusions and recommendations

The overriding conclusion was that this is a successful leaflet. The leaflet itself is relevant to its target audiences: it meets consumers' needs and is a valuable support for advisers. It gives consumers the information they need to decide whether a basic bank account is suitable for them, as well as the information they need to select the most appropriate bank. It also helps to give consumers the confidence they need to negotiate with banks, although vulnerable consumers still require direct support from intermediaries.

The leaflet provides advisers and other intermediaries with a valuable tool that complements and reinforces the advice they give orally. It effectively conveys the key messages on: how a basic account could help; how the accounts work; what accounts are available; and where to go for further help. It is seen to be credible by both consumers and advisers.

We therefore recommend that:

- The FSA should keep producing the leaflet in its current style and format and should keep it up to date by issuing frequent new editions.
- For the next edition, the FSA should review the leaflet's contents in the light of the results of this research. In particular, it should consider extending the range of organisations listed as useful contacts; including national telephone contact numbers for the banks; and expanding the glossary to include a definition of buffer zones. It might also be more forthright in its statements about account charges and more precise in its listing of documents that can be used to prove identity.
- As well as the printed leaflet, the FSA should take steps to make the information better available on its website. It should be possible, for example, to mount the table of accounts on the FSA website, to keep it up to date and to encourage consumers and, particularly, advisers to download the updated version. More fundamentally, the website version of the leaflet should be reformatted so that it is better suited to downloading. It is only available as a PDF file and was designed as an A5 leaflet. If it is printed out single-sided on A4 paper it starts with what, on the A5 leaflet, is the back page. This could be confusing for some people. The effect of this can be seen from the copy of the leaflet in Appendix Two.
- The FSA should consider working with Connexions and other youth projects to design a leaflet on basic bank accounts for young people.
- The FSA should continue to publicise and promote awareness of the leaflet and its availability so that all the advisers who need to use the leaflet as part of their work are aware of it and have adequate supplies to hand.

1 Introduction

1.1 Basic bank accounts

People who do not have a bank account are at a disadvantage. They have limited access to credit; they face high charges when cashing cheques and they are unable to take advantage of the discounts that are available to people who can pay regular bills by direct debits. More particularly, they are excluded from a range of financial services - this can contribute to a broader sense of financial exclusion (Policy Action Team 14, 1999 and Collard and Kempson, 2005).

To help overcome the problem, one of the government's Policy Action teams recommended that banks should establish a simple form of current account - a basic bank account that people could use to receive direct payments and to set up direct debits and standing orders. The accounts would differ from current accounts in two important respects: they would not allow people to go overdrawn - giving some protection against incurring unforeseen charges - and the account holder would have a cash card for withdrawing money but no cheque book (Policy Action Team 14, 1999). The design of the account was based on needs identified in detailed research with people on low incomes (Kempson and Whyley, 1999).

To overcome problems of access, the Treasury required the largest banks to make their basic bank accounts useable through local post offices and 16 now do so.

The recommendation to establish these basic accounts was reinforced by the government's decision to pay all benefits direct into people's bank accounts - a strategy that would require many of the people who, at that time, did not have a bank or savings account to acquire one. Since 2002, all banks have been required to offer such basic bank accounts.

In 2004, The Treasury estimated that about 8% of households in Britain still did not have a bank account (HM Treasury, 2004b). In addition, over one million households managed with just a simple savings account which offered a limited range of services.

Towards the end of 2004 the government announced that, in conjunction with the main banks, it was working towards halving the number of households without a bank account (HM Treasury, 2004a). The goal was to open 1.4 million new bank accounts within two years. A key factor in the achievement of this goal was the take-up of basic bank accounts by people who live on the financial margins.

It is too soon to say whether this goal has been achieved; in November 2005, the British Bankers' Association estimated that 1.5 million basic bank accounts had been opened since April 2003 (British Bankers' Association, 2005). Two other surveys of basic bank accounts suggest that the take-up has been slower than expected (North and Smith, 2005 and Herbert and Hopwood, 2006).

Many people who did not have bank accounts opened Post Office Card Accounts so that they could receive the direct payment of benefits. These simple accounts do not have overdraft, direct debit or standing order facilities. By the middle of May 2005, over 4.7 million of these accounts had been opened (Hansard, 2005). The government has now announced that these accounts are to be phased out by 2010. This should provide a further impetus to the growth in the number of basic bank accounts.

1.2 The leaflet

In May 2003, the FSA published a leaflet that was designed to inform consumers about basic bank accounts (Financial Services Authority, 2003). The leaflet was subsequently revised and re-published in 2005 (Financial Services Authority, 2005). The FSA produced these leaflets as part of one of its statutory objectives, which is to promote public understanding of the financial system.

The FSA has actively promoted awareness of the leaflet and has distributed it to a wide range of organisations. The 2005 leaflet *Basic bank accounts - your questions answered* was promoted and distributed in October 2005 and January 2006.

To stimulate general awareness of the leaflet throughout the UK, the FSA sent a promotional letter, along with copies of the leaflet, to a wide range of organisations. The distribution included: all relevant government departments; official agencies such as the Office of Fair Trading; bodies representing consumers, such as the National Consumer Council and Which?; the British Bankers Association; and groups that were actively engaged with financial inclusion issues, such as Services Against Financial Exclusion and the Financial Inclusion Taskforce.

In addition, multiple copies of the leaflets were sent to organisations in the networks of generalist and specialist advice agencies, and to housing associations and local authority housing departments in England, Scotland, Wales and Northern Ireland. Most of this distribution was undertaken by the FSA but, in some cases, the headquarters of the networks undertook to distribute the leaflets to their members.

There is a steady demand for replacement copies of the leaflets from agencies that have distributed copies to their clients. A copy of the leaflet is included in Appendix Two.

1.3 Aim and objectives

The precise aim of this study is to assess the extent to which the basic bank account leaflet achieves the FSA's goal, which is to arm consumers with the information and confidence that they need to make an informed decision. Within this overall aim, the study has three specific objectives:

- To assess whether the leaflet promotes confidence and informed decision-making among consumers who are considering a basic bank account.
- To assess whether the leaflets provide third parties with the information they need to help their clients.
- To evaluate the leaflet in terms of its:
 - relevance;
 - credibility;
 - comprehensibility;
 - tone;
 - power to motivate; and
 - ability to provide signposts to further information.

1.4 The research

The evaluation called for a qualitative research approach involving both agencies and individuals. Accordingly, we carried out in-depth interviews with 46 staff in citizens advice bureaux; independent, not-for-profit advice services that specialised in money advice¹; housing associations; Jobcentre Plus offices; and offices of the Connexions youth advice service.

¹ These services aim to meet the needs of people who have debt or other financial difficulties and are distinct from independent financial advisers who are fee based and tend to concentrate on providing advice about investment products.

To complement this, we interviewed 30 consumers. Half had used the leaflet to decide whether to apply for a basic bank account, or to choose the account that was most appropriate to their circumstances. The other half were people for whom a basic bank account might be an appropriate option but who were unaware of the leaflet before the interview.

The consumers can be assigned to two different categories. About half had no prior experience of the banking system but were now in a position where they required an account of some kind into which wages or benefits could be paid. Most of these people were vulnerable consumers because they had low levels of literacy; they led chaotic and disrupted lives; or because their first language was not English.

The other half of the consumers did have some experience of the banking system. They were mostly quite well educated and self-confident. About a third of this group were successfully using current accounts and felt that a basic bank account would not be appropriate for them. The other two-thirds were potential users of basic bank accounts because their current accounts had been frozen as a consequence of bankruptcy or debt problems.

A fuller description of the research approach is provided in Appendix One.

1.5 This report

The report begins by looking at the use made of the leaflet by consumers and at the impact it made on them. It then considers the ways that intermediaries - the advisers in different agencies - use the leaflet and considers their opinions of it. We then examine the effectiveness of the leaflet itself, ending the report with our conclusions and recommendations.

A copy of the 2005 leaflet is contained in Appendix Two.

2 Use by consumers

The leaflet was used by people who, for one reason or another, needed a simple bank account. The main impetus for considering a basic bank account was the need to have an account into which benefits or wages could be paid. Some of the consumers that we interviewed had never had a bank account of any kind before, others had opened an account in the past but had let it lapse for various reasons. A third group had used current accounts before but these had been closed or frozen because of bankruptcy or debt problems.

Several of the people we interviewed had led chaotic lives: some had been dependant on drugs or alcohol, a number were homeless and a few had been in prison. Several of these people had low levels of literacy. For them, opening a bank account was seen as part of the process of regaining control of their lives. A number of young people were coming to banking for the first time and were also contemplating a basic bank account. Literacy was also an issue for some of these young people. For both these groups, basic bank accounts were perceived by the individuals or, more accurately, by their advisers, as a sensible option because the account did not carry the risk of incurring charges or losing control through the use of unplanned credit.

We interviewed a number of people for whom English was not their mother tongue. Some of these had bank accounts in their home countries but were unfamiliar with the British banking system and were attracted to a very simple bank account.

All these people used the leaflet to satisfy a specific need for information. This was usually triggered by the need to have some sort of bank account through which to receive the direct payment of wages or benefits. The leaflet provided the basis for making a decision or a choice. They wanted to know what basic bank accounts were; what facilities were on offer; what were the limitations or constraints; whether they were eligible for an account; which banks offered them; and how they could go about applying.

Intermediaries also advised their clients to take a copy of the leaflet with them when they applied for an account at the bank. This helped to ensure that they were offered a basic account and not a standard current account. It also helped people, particularly those lacking in self confidence, overcome difficulties with proof of identity.

Basic bank accounts were also considered as an option by people who had plenty of experience of banking. These people wanted a basic account because problems with debt or bankruptcy meant that they were unable to use their previous current accounts. For them, a basic bank account was a means of getting their affairs back in order - receiving direct payments of wages or benefits and setting up repayment plans with their creditors.

In addition to those who had a need for a basic bank account, we interviewed a number of people who already had appropriate current accounts and no pressing need for a basic account. They had acquired the leaflet through their participation in a related activity, such as a Sure Start course. For this group the leaflet served as a means of keeping up to date with a development in the financial services sector. They used the leaflet as part of their general environmental scanning.

We did not interview anyone who had picked up a copy of the leaflet on their own. All the people had obtained the leaflet as a result of contact with an advice service or through participation in a training event. This was to be expected as advice services of this kind represent the main distribution channel for the leaflet.

2.1 Promoting confidence and informed decision-making

The leaflet made a very positive impact on all the consumers who had an immediate need to open a basic bank account. It alerted people to the existence of the accounts and it provided the information they needed to make a decision about whether to open an account. It also enabled them to work out which account best suited their requirements.

The leaflet prompted the people who needed basic bank accounts to open one and generally gave them the confidence to do so. The people who were better-educated and had previous experience of the banking system were mostly able to open accounts on their own.

While the leaflet informed and increased the confidence of vulnerable consumers, some still needed help from their adviser to act. These vulnerable consumers were the people who had led chaotic lives. Some had spent time in prison; others were homeless; some had suffered abuse, or mental illness; many had low levels of literacy or did not have English as their mother tongue.

One 28-year-old man we interviewed had been homeless for 18 months. When asked if he could have gone along to the bank by himself after a consultation with an adviser, felt that he couldn't: *I normally get tongue-tied. [The adviser] did all the talking for me. Because I get tongue-tied and flustered ... If [the adviser] wasn't there, I wouldn't have had a bank account.*

A number had tried unsuccessfully in the past to open a bank account and this experience had lowered their confidence and trust in the banking system. Opening a basic bank account for these vulnerable people represented a stage in the process of regaining control of their lives.

Some tried to open an account by themselves having been given the leaflet by their adviser. For one reason or another, however, they were turned down by the bank. Most of these people tried again with the help of an adviser and, in each case, they were successful. One interviewee, for example, having consulted an intermediary, had tried to open an account but his application was refused by the bank. He checked all the paperwork with his adviser and, together, they returned to the bank where they successfully opened an account. The proof of identity he used on both occasions was identical.

From this, it would appear that the role of advisers was significant, particularly for vulnerable consumers. This confirms the results of a seminal review of research conducted by the then Department of Social Security, which showed that information about entitlement to benefits alone is seldom sufficient to trigger a claim. What is also needed is the kind of impetus that can be provided by an advice service (Craig, 1991).

Some of the people who had no immediate need for a basic bank account also found the leaflet useful. They commented that they wished they had seen information like this before they had opened their current or savings accounts - it would have helped them to make a more informed decision.

3 Use by intermediaries

Some of the intermediaries we interviewed worked in organisations where the provision of advice about financial issues was secondary to their main purpose. The organisations included housing associations, offices of the Connexions services, Jobcentre Plus offices and colleges of further education. Some of these intermediaries specialised in the provision of financial and money advice, dealing with up to 20 clients in a typical week. For others, discussions about basic bank accounts were an occasional activity.

Other intermediaries worked in organisations, such as citizens advice bureaux and independent money advice services that provided money advice as part of its core activity. Advisers in these organisations dealt with between two and six money advice clients each working day, many of whom were potential basic bank account holders.

Intermediaries in both types of organisation made extensive use of the leaflet to reinforce the advice they provided to their clients and generally considered the leaflet to be a useful tool. Further, the people who were most positive about the leaflet tended to be the advisers who used it most intensively. In particular, intermediaries found it useful to have something that reinforced messages that they gave orally.

Advisers commonly gave their clients copies of the booklet to take away with them. When copies of the printed leaflet were running low, they gave a photocopy of the table of accounts. One adviser said that he usually downloaded a copy of the table from the FSA website for his clients².

If the advice was provided by telephone, the intermediary commonly sent the client a copy of the leaflet by post. In cases where the advice was provided face to face the practice varied according to the needs of the client. Those who were familiar with the banking system, were reasonably well educated, or who were highly motivated were simply given a copy of the leaflet to take away with them at the end of the interview. In contrast, where clients were vulnerable, lacking in self-confidence or had literacy and comprehension problems, intermediaries spent time going through the leaflet section by section.

² A formatting problem arises when downloading from the FSA website. The document is held on the website as a PDF file. When downloaded and printed out onto A4 paper the leaflet's back page appears first, on the left-hand side of the page, with the front page appearing on the left. This diminishes the impact of the document and it might usefully be reformatted so that it is more suitable for downloading.

Intermediaries said that they found it a useful aid when they were guiding clients through the process of deciding on, and choosing, a basic bank account. For this, the table of accounts was considered to be the most useful section.

In the agencies where money advice was not a mainstream activity, the leaflet performed a useful function by boosting the confidence of staff who deal with financial and banking issues infrequently. They were able to use the leaflet as a reference tool.

Some citizens advice bureau workers used the leaflet in conjunction with their own service's leaflet on banking. When probed, they felt that the FSA leaflet provided fuller information but that the CAB leaflet was more accessible: it was shorter, used a larger font size and presented the information on the different accounts in a simplified format. They also preferred to give out a leaflet which carried the CAB brand.

Several intermediaries commented that it was very useful for the client to have something to take with them to the bank. This helped to ensure that they opened a basic bank account, and not a current account. It also helped to overcome some of the problems associated with proof of identity.

I advise the client to take the leaflet to the bank in case the counter staff aren't aware of that account. So, just in case, to pre-empt any problems they can say 'look, this is from the FSA and it says that it's OK'
Independent advice service

Intermediaries felt that the problems arose when clients found that the banks that they approached did not do what the leaflet says they would. The biggest issue concerns proof of identity. Advisers claimed that sometimes it appeared that local branch practice differs from a bank's national policy.

Intermediaries generally thought that the leaflet was pitched at the right level for the clients they deal with. Some disagreed with this and said that people with low levels of literacy or a lack of familiarity with English might find it difficult. People with experience of banking, on the other hand, might find it a little too simple. But on the whole, intermediaries thought that the FSA had got the balance right. Youth advisers in the Connexions service thought the leaflet would be off-putting and too wordy for most of their clients. One commented: *"They wouldn't read it if we gave it to them. The majority of people who need this information would find this too complex. Even with pictures ... These are the type of kids that you have to do it for, really."* In these circumstances, it is doubtful that any leaflet would be used, other than one produced with the specific requirements of this group in mind - and such a leaflet would probably not appeal to other sections of the target audience.

Some of the intermediaries used the leaflet as part of their training activities. In some cases they ran training courses for their colleagues, in others the training was part of an outreach programme directed at specific client groups.

4 The effectiveness of the leaflet

To assess the effectiveness of the leaflet itself, we considered a number of different criteria. The first criterion is its relevance to consumers and to intermediaries. The leaflet can only be judged to be successful if it meets the needs of consumers, supports the advice work of intermediaries and conveys the key messages effectively.

Secondly, we looked at the leaflet's credibility. Users of a leaflet must be able to believe in the reliability of the information and feel that they can trust the organisation that has produced it.

Our third criterion concerned comprehension: a good leaflet can be easily understood. There should be no barriers constraining people's ability to extract and absorb the information. This depends on the overall approach and style of the leaflet and the level of language used. Comprehensibility can also be affected by the way the information is presented. We also examined the tone of the leaflet and tried to assess whether the leaflet's users felt that the tone was appropriate.

An important criterion for evaluating the leaflet was whether it was able to motivate people. The leaflet was not designed to sell or promote basic bank accounts. Instead, the FSA's aim was to motivate people to consider whether a basic bank account was appropriate for them and, if it was, to provide the wherewithal for people to choose, and apply for the most suitable account. We sought to measure this by considering the actions that people took once they had used the leaflet.

The leaflet contains information about other sources of information and advice and we assessed how successful this signposting information was. Finally we assessed whether the leaflet engendered positive perceptions of the FSA.

4.1 Relevance

The leaflet appeared to provide consumers with enough information to make a decision about whether they required a basic bank account.

The people we interviewed who had not previously had bank accounts were generally very satisfied with the information provided in the leaflet, whether they were reading the leaflet for the first time or had used it before. They spoke highly of the leaflet and claimed that it had both alerted them to the existence of basic bank accounts and provided them with the information on which they could base a decision about whether to open one.

For most people, the leaflet clarified the differences between basic and current accounts. It contains a table setting out the differences between the two types of account - *Which bank account is right for me* (pages 8 and 9). Paradoxically, however, the table was considered by some to be the least successful feature of the leaflet: they were confused by it, partly it seemed, because there was not sufficient separation between the two columns in the table.

Some people wanted more information on specific issues that they faced. One person, for example, wanted more information about the position of un-discharged bankrupts, while others wanted more clarity about which documents could be used to prove a person's identity. The need for people to prove their identity was clearly a significant issue, as other research has shown (North and Smith, 2005). The rather generalised information contained in the leaflet on the kinds of documentation that can be used does not seem to be sufficient.

Most of the vulnerable people who needed a basic bank account, but who had not discussed the issues with an adviser, felt better informed once they had read the leaflet and felt able to decide whether they wanted a basic bank account. As we noted in Section 2.1, however, this information alone did not seem likely to trigger an actual application to a bank. They wanted to talk the matter over with an adviser and, in some cases, to receive help with making the application for an account.

People without a pressing need for a basic bank account tended to feel that the leaflet was 'too wordy'. It is possible that this is because of their lack of need for the information and a consequent lack of motivation to acquire it as much as anything else. People who **did** have a pressing need for a basic bank account did not express this view.

Having provided people with enough information to decide whether they needed an account, the next criterion was whether the leaflet provided people with enough information to choose the most appropriate account for their circumstances. Here, again, the leaflet scored highly.

The table of accounts - *Basic bank accounts: Summary of what's available* (pages 6 and 7) - was almost universally praised. Consumers and advisers all thought that this table was

really effective. This seemed also to be as true for people with low levels of literacy as it was for the better educated. The one thing that people felt would improve the table would be the inclusion of a telephone number for each bank that people could ring to gather more information. One adviser pointed out that most banks had a 0800 number that people could telephone without incurring charges, although it should be recognised that many people, particularly those in the vulnerable group, only have mobile telephones which charge for the use of 0800 numbers.

Few people use leaflets in isolation and most of the consumers we interviewed who had used the leaflet, or intended to do so, used it after consultation with an advice service. This might be expected as advice services of one kind or another provided the main distribution channel for the leaflet. The interviews with consumers and intermediaries did suggest, however, that a combination of printed information and oral advice seemed most effective: the leaflet reinforced the advice given by an intermediary, and the advice itself served to convert a person's intention into an action.

As we have noted in Section 3, most of the intermediaries we interviewed felt that the leaflet was very relevant to the needs of their users and clients: it was an important source of both information and reinforcement. The leaflet not only reinforced the information and advice that the intermediaries gave, it provided the consumer with something concrete that they could take to the bank with them when making an application.

We considered the relevance of four key messages that are contained in the leaflet. These covered: how a basic account could help; how the accounts work; what accounts are available; and where to go for further help. All these messages appeared to be conveyed effectively.

The section dealing with how a basic account could help (page 1) tended to be skipped by people without a pressing need for a basic bank account. But it was read by those who did need one. Some advisers thought this section was a little too positive and should say more about potential problems with charges. A few consumers and intermediaries felt that this section needs to be punchier to capture people's interest quickly.

I think it's quite basic and to put any more points in it you would end up confusing people. I think it's fine. From even the first page I knew exactly what I wanted. It says I can get my benefits and I can pay bills through the accounts.

35-year-old male. Homeless for 12 years

People found the section on how the accounts work (pages 2-5) to be useful. Much depended, however, on their prior experience of banking. People liked the question-and-answer format and felt that it included the questions that real people would ask. There was, however, some confusion about buffer zones³.

There was almost universal enthusiasm for the table of accounts in the section explaining what accounts are available (pages 6 and 7). Intermediaries expressed a concern about keeping the table up to date. They also noted that practice in local branches sometimes differed from that described in the table.

The section on where to go for further help (pages 12 and 13) was generally thought to be useful. It appeared that many people had not realised that there were so many sources of help available to them. Some intermediaries suggested additional sources of information that could be included, but there was little consistency in their suggestions (this issue is considered in more detail in Section 4.6 which deals with signposting).

4.2 Credibility

Credibility was generally high among consumers. The people we interviewed all took the information contained in the leaflet at face value and believed it to be accurate and independent. No-one questioned the accuracy of the information or said that they felt it provided a distorted picture.

Most of the consumers also placed a fairly high degree of trust in the leaflet although they tended to find it hard to justify why they did so. Few of them were familiar with the FSA or knew what its functions were - an issue that we discuss further in Section 4.7 below.

For some of the consumers, the credibility was derived from the agency or service that had given them the leaflet - they trusted the agency to give them information that was credible.

At the same time, some aspects of the leaflet's design engendered credibility. Some consumers said that the leaflet looked independent: something that was reinforced by the absence of any bank logos. Others said that it looked authoritative - an impression that was reinforced by the words 'Financial Services Authority' and 'Financial Watchdog' on the cover. While this worked well for some, for others it was off-putting.

³ A buffer zone is the facility to draw out at least £10 from a cash machine, even though there is less than this in the account.

Some better-educated people who did not have an immediate need for a basic bank account felt that the leaflet looked too authoritative and official and this made it seem boring. They wanted something that was more colourful and informal.

The leaflet also, clearly, had a high degree of credibility among intermediaries, whose perceptions were very positive. They felt that the information was accurate and they trusted the FSA to produce information upon which they could rely.

4.3 Ease of comprehension

Both consumers and advisers found the leaflet easy to comprehend. It was described by one adviser as 'reader-friendly'.

People recognised that the leaflet had to meet the needs of people with differing characteristics and in differing circumstances. The general feeling was that it managed to get the balance about right.

Just about everyone commented that the information was easy to understand and that it was written in accessible language.

It's a perfectly clearly expressed booklet ... you can't really be all things to all people ... if it was for young people you might word some of it a bit differently but current format is good enough.

Manager of a citizens advice bureau

Advisers differed somewhat in the extent to which they felt the leaflet was appropriate for their clients. Most thought that it was pitched at about the right level and that it achieved an appropriate balance between the requirements of different groups. In particular they welcomed the lack of jargon. Some, however, thought that it was too complex for people with low levels of literacy. They thought that people with literacy problems would struggle to read and comprehend the leaflet. Despite this, most of the consumers with poor literacy, dyslexia and a lack of familiarity with English commented that the leaflet was easy to read. They particularly liked the use of the tables and the way the information was broken down into manageable chunks.

Intermediaries who worked with young people were the most critical of the leaflet and its ease of comprehension. They felt that it would need to be made much more attractive to young people - by using more relevant pictures, brighter colours and fewer words. The issue here, however, seems to concern the readiness of some young people to read information of any kind.

The reading age is probably too high. I think it is quite wordy. I think for a lot of our young people they probably wouldn't bother to read it. It would be too high a literacy level. And also the fact that young people don't read and the amount of words on the page and everything might put them off trying.

Connexions adviser

While some intermediaries felt that the leaflet was too wordy, few could indicate which information should be deleted. In contrast, several felt that additional information would be beneficial. As we have noted, some intermediaries felt that the leaflet might, for example, discuss in greater depth some of the grey areas, like the problems with proof of identity, the possibility of charges or the likelihood that the counter staff in banks might try to persuade applicants to open a current account.

We asked people about the specific features of the leaflet. We were particularly interested in the table of accounts, the question-and-answer format and the glossary.

As we have seen, the table of accounts was not only liked by almost all the people we spoke to, it was also felt to aid comprehension. Both consumers and advisers commented that it was the best part of the leaflet. They found the presentation of information about the accounts to be clear and said that it was easy to compare accounts and to identify those that were suitable for someone in their circumstances. Advisers raised the question of keeping the information contained in the table up to date. One way to do this would be to maintain an up-to-date table on the FSA website.

The question-and-answer format aided comprehension and was popular among both consumers and advisers and particularly among less well-educated people and those with low literacy levels. There was a feeling that these were the questions that people would ask. The format also enabled non-specialist advisers to access the required information easily when advising one-to-one.

The glossary made less impact on people's comprehension, perhaps because it appears towards the end of the leaflet. No-one said that they disliked it, or criticised it, equally no-one said that they found it particularly useful. It was simply not heavily used. Advisers thought it would be particularly valuable for people who had little prior experience of the banking system. Some suggested that the glossary should be referred to more often in the booklet. Others suggested that it should include a definition of a buffer zone because this was a concept that consumers did not readily grasp.

4.4 Tone and style

Consumers and advisers alike felt that the tone of the leaflet was generally good. The most frequent comments were that the tone was 'about right' or 'fine'. They went further and noted that the tone was neither condescending nor patronising.

There were some suggestions for possible changes. Several consumers commented on the pictures in the leaflet. They felt that some of these did not accurately reflect people in their circumstances. In particular, the picture on page four (a 30-something, prosperous-looking woman sitting on a nice sofa and ordering something by telephone, with a debit or credit card in her hand) was felt to be inappropriate. This was partly because she looked too prosperous and also because a proportion of the potential users of the leaflet were people who had got themselves into debt by over-use of their credit card. The feeling seemed to be that pictures that were more relevant to potential basic bank account holders would improve the leaflet.

As we have seen, among the advisers who dealt with young people and people without a pressing need for a basic bank account, there was a feeling that the tone of the leaflet should be lighter - 'more jazzy', as one person put it.

4.5 Power to motivate

Several of the consumers that we interviewed had decided that a basic bank account was not appropriate for them. Most of these had acquired a copy of the leaflet as part of an unrelated activity, such as attendance at a Sure Start course.

Most of the consumers who **had** decided that they needed a basic bank account and had successfully opened basic bank accounts having read the leaflet, were given the leaflet as a result of their contact with an advice service of one kind or another. They discussed their situation with an adviser, took advice and read through the leaflet. They then decided that a basic bank account was what they needed, selected the most suitable provider, applied and opened an account without difficulty. Others were intending to open an account, or were in the process of doing so. In all these cases, it is difficult to say precisely what generated the motivation - the leaflet or the adviser.

As we noted in Section 2.1, some of the people who were living chaotic, disrupted existences, needed the help of an intermediary to open an account. Some had tried to open an account by themselves after they were given the leaflet by their adviser. For one reason or another, however, they were turned down. Most of these people tried again with the help of an adviser and, in each case, they were successful. They **were** motivated but, even so, they needed assistance.

4.6 Signposting

Both consumers and advisers thought the list of useful contacts on pages 12 and 13 of the leaflet was helpful. Some consumers were surprised by the range of potential sources of help. The CAB service seemed to be the preferred source of further information, largely because it was the best known.

Advisers made various suggestions for extra organisations to be listed. They included several that were already on the list as well as the following:

- Connexions for young people
- Veterans agency for war pensions
- Tax credit helpline
- Post Office Banking helpline
- Money Advice Trust
- Community Legal Service Direct
- Credit reference agencies
- Payplan

Of these, the sources of advice that seem most relevant are Payplan, the Post Office banking helpline and the Connexions service. The leaflet lists Money Advice Scotland but omits the Money Advice Association, which also puts people in touch with their local money advice service. The Money Advice Trust, in contrast, simply provides a signposting service to other networks. Community Legal Service Direct will provide information on local sources of legal advice and is probably not directly useful. Credit reference agencies and the Tax Credit helpline also probably have a marginal role to play, while the Veterans agency for war pensions will be relevant only to a small group of potential users.

4.7 Perceptions of the FSA

The FSA is a relatively new organisation and, on the basis of this study as well as other research, it is still establishing itself firmly in the nation's consciousness. The back page of the leaflet contains a succinct description of the FSA and its role but this information tended to be overlooked.

The consumers' level of awareness of the FSA was low. Few of them had heard of the organisation before receiving the leaflet and several were not conscious that the leaflet had been produced by the FSA even after they had read it. They did, however, feel positive about the organisation when their attention was drawn to the information in the leaflet.

They felt that the fact that the FSA had produced the leaflet gave the information authority.

I didn't even know that this [FSA] existed, to be honest. So it's nice to know that they are looking out for you.
Female consumer, mid-30s

Some consumers felt that they could trust the FSA **because** it had produced the leaflet - they said that this demonstrated that it was working to help consumers.

In marked contrast, the FSA was well known among the intermediaries for whom the provision of financial or money advice was a mainstream activity. There was a general feeling that the FSA plays an important role in ensuring that firms in the financial services sector work to high standards but several questioned whether it has any power. Advisers did feel that the FSA was a good provider of impartial information. Some commented that it was very helpful and easy to contact. Among non-mainstream agencies, the booklet has served to raise awareness of the FSA.

5 Conclusions and recommendations

The overriding conclusion is that this is a successful leaflet. The leaflet itself is relevant to its target audiences: it meets consumers' needs and is a valuable support for advisers.

It gives consumers the information they need to decide whether a basic bank account is suitable for them, as well as the information they need to select the most appropriate bank. It also helps to give consumers the confidence they need to negotiate with banks, although vulnerable consumers still require direct support from intermediaries.

The leaflet provides advisers and other intermediaries with a valuable tool that complements and reinforces the advice they give orally. It effectively conveys the key messages on: how a basic account could help; how the accounts work; what accounts are available; and where to go for further help. It is seen to be credible by both consumers and advisers.

The leaflet is easy to understand. This is largely attributable to the format, in particular the table of accounts, the question-and-answer format and the glossary. The tone and style are thought to be appropriate, although the leaflet is likely to be least effective with young people who may find it rather daunting.

Individuals who have some experience of the banking system can use the leaflet by themselves to acquire a basic bank account. Vulnerable people, living on the margins of society, however, need the support of an adviser but even for them the leaflet performs a valuable function.

In the course of our research, we became aware of the fact that some advisers who could have made good use of the leaflet were unaware of its existence. Given the FSA's extensive distribution effort in late 2005 and early 2006, it seems likely that the problem could be attributable to inefficiencies in the distribution system within individual organisations. This suggests that there is a continuing need to promote and publicise the leaflet in order to ensure that everyone who deals with potential users of basic bank accounts is aware that the leaflet exists and understands how to obtain copies. In this regard, the mechanism whereby agencies can replenish their supply seems to be working efficiently.

We, therefore, recommend that:

- The FSA should keep producing the leaflet in its current style and format and should keep it up to date by issuing frequent new editions.
- For the next edition, the FSA should review the leaflet's contents in the light of the results of this research. In particular, it should consider extending the range of organisations listed as useful contacts; including national telephone contact numbers for the banks, and expanding the glossary to include a definition of buffer zones. It might also be more forthright in its statements about account charges and more precise in its listing of documents that can be used to prove identity.
- As well as the printed leaflet, the FSA should take steps to make the leaflet's information content better available on its website. It should be possible, for example, to mount the table of accounts on the FSA website, to keep it up-to-date and to encourage consumers and, particularly, advisers to download the up-dated version. More fundamentally the website version of the leaflet should be re-formatted so that it is better suited to down-loading. It is only available as a PDF file and was designed as an A5 leaflet. If it is printed out single-sided on A4 paper it starts with what, on the A5 leaflet, is the back page. This could be confusing for some people. The effect of this can be seen from the copy of the leaflet in Appendix Two.
- The FSA should consider working with Connexions and other youth projects to design a leaflet on basic bank accounts for young people.
- The FSA should continue to publicise and promote awareness of the leaflet so that all the advisers who need to use the leaflet as part of their work are aware of it and have adequate supplies to hand.

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Appendix One: Research approach

The evaluation comprised a series of focused, in-depth interviews with intermediaries and consumers. The interviews were carried out during May 2006.

The agency interviews

The 2005 leaflet *Basic bank accounts - your questions answered* was promoted and distributed in October 2005 and January 2006. To stimulate general awareness of the leaflet throughout the UK, the FSA sent a promotional letter, along with copies of the leaflet to: all relevant government departments; official agencies such as the Office of Fair Trading; bodies representing consumers, such as the National Consumer Council and Which?; the British Bankers Association; and groups that were actively engaged with financial inclusion issues, such as Services Against Financial Exclusion and the Financial Inclusion Taskforce.

In addition, multiple copies of the leaflets were sent to organisations in the networks of generalist and specialist advice agencies, to housing associations and local authority housing departments in England, Scotland, Wales and Northern Ireland. Most of this distribution was undertaken by the FSA but in some cases, the headquarters of the networks undertook to distribute the leaflets to their members.

We endeavoured to conduct interviews with staff in 50 agencies, selecting them so that they were broadly representative of organisations that were likely to make intensive use of the leaflet - citizens advice bureaux and independent money advice services - as well as those that were likely to use the leaflet less intensively - Jobcentre Plus offices, housing associations and offices of the Connexions service for young people. Table 1 shows the actual number of achieved interviews.

Table 1: Achieved agency interviews

Agency	Quota	Achieved
Citizens Advice Bureaux	15	15
Independent advice services	10	9
Housing associations	10	10
Jobcentre Plus offices	10	7
Connexions offices	5	5
Total	50	46

It proved to be rather difficult to secure the required number of interviews. This appeared to be the result of a combination of factors. Many of the agencies were working under considerable pressure and were reluctant to devote time to what was perhaps perceived as a relatively marginal exercise. In other cases, the leaflet was used infrequently by the staff in the agency and they did not feel that they were in a position to make a judgement. Further, at the time of the survey there was an industrial dispute in the Jobcentre Plus offices and staff appeared to be reluctant to enter into any communications with external researchers.

Given these difficulties and the fact that a consistent picture was emerging from the completed interviews, we agreed with the FSA that there was very little to be gained from pursuing the remaining four interviews.

The interviews were conducted by telephone. They were recorded and written up in note form. The notes were then transferred to grids for analysis. A copy of the topic guide is attached.

The consumer interviews

We interviewed 30 consumers. Half were aware of the leaflet and had used it in the process of deciding whether to open a basic bank account or in choosing the most appropriate account for them. The other half were people who had not seen the leaflet before the interview but for whom a basic bank account was a potential option, either because they did not have any other bank account or because their existing accounts had been frozen.

We used a range of agencies to guide us towards these consumers. These included a housing association, a money advice agency, a charity promoting financial capability and inclusion, and a college of further education. The majority of these interviews were conducted face to face but, for a range of reasons, a small minority were conducted by telephone. All interviewees received an incentive payment of £25 in the form of a high-street voucher.

As with the agency interviews, they were recorded, written notes were produced from the recordings and the notes were transferred to analytical grids. A copy of the topic guide is attached.

The interviewers

The interviews were carried out by PFRC staff and Associates: Nicola Dominy, Gerry Gibb, Kate Thorne, Sally Taylor, and Sara Davies.

EVALUATING THE FSA'S BASIC BANK ACCOUNT BOOKLET

Topic guide for agency interviews

Background

- Explain that we would like to speak to them about the FSA Basic Bank Account booklet.
- Explain tape recorder and assure of confidentiality/ MRS
- What agency?
- What is their role; job title
- How is money/financial advice managed? No. of advisors / staff?
- What types of clients/ queries dealt with?
- Volume dealt with? How many new (debt) enquiries in 2005?
- In what types of situation does the FSA booklet typically crop up?

Understanding how the booklet is used

- How do they (adviser) use the booklet? Unprompted first, and then, if necessary, prompt for whether they use it as a reference aid but don't give out vs. go through with the client vs. hand over the booklet without discussing it.
 - Is this always the case or does it depend on the client/ query/ situation. What influences how the booklet is used?
 - As well as individual client enquiries, is the booklet used in other ways e.g. training of particular groups, which? Is booklet available for clients to pick up in waiting room or at events (which?)
- How important a source of information on basic bank accounts is the FSA booklet?
- How appropriate is it for their clients? How helpful?
- How often do they use the booklet? In what circumstances?
- Do they use anything else (other than FSA booklet) to explain basic bank accounts? If yes, what?
 - IF CAB: Do they use Advisor Net (CAB national electronic system) to give advice on basic bank accounts?
- How is this different/used differently from FSA information?
- Has the FSA booklet replaced any other sources of information used? (If yes, what and why?)

Role of Booklet for Adviser

How does the booklet help the adviser? In what way does it give them the information they needed to help their clients? Which bits in particular helped? (or weren't clear/ useful)

- Do they agree with the advice given in the booklet? Whether the booklet adequately reinforced the advice they gave.
- Is it pitched at the right level?

Communication messages

Would you say that the FSA booklet effectively communicates the following:

- how a basic bank account could help the client;
- how the accounts work;
- what accounts are available and what they offer; and
- where to go for further help.

If the booklet does not effectively communicate any aspect, probe why.

Are there any key communications issues?

For any positives, probe for examples.

Booklet specifics

- The effectiveness of the table of accounts (pages 6-7), the question-and-answer format (pages 2-3) and the glossary (page 10)

What experience do they have of the booklet working/ not working in practice? (role/ influence of the banks?)

Are there any elements that the client finds particularly useful?

Are there any elements that the client doesn't really understand?

Are Q&A/ table/ glossary pitched at the right level?

For each of these points we need to understand any specifics – and get examples where possible - unprompted positive and negative, then prompt for issues such as:

- the booklet's ease of comprehension;
- the tone and style of the booklet; and
- the attractiveness of the booklet.

Perception of FSA

- Whether the booklet engenders trust, particularly in the FSA as a provider of impartial information.

What is the adviser's perception of the FSA?

Are clients generally aware of FSA prior to seeing booklet?

Does the adviser have a view on how credible the FSA is with the general public, in light of the booklet?

Summing up

- Any views that the adviser has about ways of communicating information about financial issues to vulnerable groups.
- Anything else that they feel may be appropriate for FSA to understand about the booklet.

Thank and close.

EVALUATING THE FSA'S BASIC BANK ACCOUNT BOOKLET

Topic guide for consumer interviews

Consumers will fall into two main groups: those who have seen and used the FSA booklet and those who have not. So, begin by asking whether they have seen the booklet before.

For those who are familiar with the booklet

If they have seen the booklet before, record where they got it from.

The purpose of the interviews with people who were familiar with the booklet is to establish:

- Whether the booklet helped them and gave them the information they needed to decide whether or not to open a basic bank account.
- What action was taken as a result of reading the booklet.
 - How the decision was taken, by whom, using what criteria.
 - The extent to which the actions were the product of informed decisions.
- The sources used by the individual to gather information and advice on basic bank accounts.
- The effectiveness of the key messages, which are:
 - how a basic bank account could help;
 - how the accounts work;
 - what accounts are available and what they offer; and
 - where to go for further help.
- The effectiveness the table of accounts, the question-and-answer format and the glossary.
- How the individual felt about the booklet:
 - whether it was accessible and easy to read and assimilate;
 - whether the format and style were appropriate;
 - the attractiveness of the booklet;
 - the tone and style of the booklet; and
 - whether the booklet engenders trust, particularly in the FSA as a provider of impartial information.

- Whether the booklet boosted the individual's confidence:
 - whether they were aware that the FSA produced the booklet;
 - if they were, whether this made it seem more independent or reliable;
 - whether they were aware of the FSA's role as 'the UK's financial watchdog' and provider of impartial information; and
 - the individual's attitudes towards the FSA.
 - Overall, having used the booklet, did they feel better able to make an informed decision?
-

For those who had not seen the booklet before

Give them time to look through the booklet, perhaps taking them through it, pointing out the questions and answers, the table of accounts and the glossary. The issues to be covered, broadly the same as those for the people who were already familiar with the booklet, are:

- Whether the booklet was likely to help them and give them the information they needed to decide whether or not to open a basic bank account.
- The sources that would be used to gather information and advice on basic bank accounts.
- The effectiveness of the key messages in the booklet, which are:
 - how a basic bank account could help;
 - how the accounts work;
 - what accounts are available and what they offer; and
 - where to go for further help.
- The effectiveness of the table of accounts, the question-and-answer format and the glossary.
- How the individual felt about the booklet:
 - whether it was accessible and easy to read and assimilate;
 - whether the format and style were appropriate;
 - the attractiveness of the booklet;
 - the tone and style of the booklet; and
 - whether the booklet engenders trust, particularly in the FSA as a provider of impartial information.

- Whether the booklet boosted the individual's confidence:
 - whether it gave them the confidence to ask questions and to gather information;
 - whether they were aware that the FSA produced the booklet;
 - if they were, whether this make it seem more independent or reliable;
 - whether they were aware of the FSA's role as 'the UK's financial watchdog' and provider of impartial information; and
 - the individual's attitudes towards the FSA.

- Overall, having looked at the booklet, did they feel better able to make an informed decision?

Appendix Two: The leaflet

The FSA has issued two editions of the leaflet. The first: *No bank account? Why it could pay you to have one*, was issued in 2003. The second: *Basic bank accounts - your questions answered* was issued 2005 and distributed in late 2005 and early 2006. The research has evaluated this second leaflet.

You can view a pdf of the *Basic bank accounts - your questions answered* leaflet at:

http://www.fsa.gov.uk/consumer/pdfs/bank_account.pdf

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