

11 February 2013

By email to: business.plan@moneyadvice.service.org.uk

To whom it may concern,

The Investment Management Association (IMA) is pleased to respond to the Money Advice Service's (MAS's) consultation on its Business Plan 2013/14.

IMA represents the asset management industry operating in the UK. Our members include independent fund managers, the investment arms of retail banks, life insurers and investment banks, and the managers of occupational pension schemes. In particular, our members represent 99% of funds under management in UK-authorized investment funds (i.e. unit trusts and open-ended investment companies), which are frequently held in ISAs and individual's retirement savings.

IMA's members support MAS and, as co-funders, are keen for it to succeed. They are looking for sensible objectives in the long-term interests of economic growth and social welfare. They also expect improvements in market efficiency, as those who use MAS become more financially capable. They naturally expect MAS to demonstrate value for money.

In the attached answers to your questions, you will see that IMA is largely in favour of your aims and awaits evidence of your achievements. We are pleased to see that partnership is such a strong part of the process, but suggest that it may need to be a higher proportion of the budget.

IMA is also a founder of the Personal Finance Education Group (pfe) and an ongoing supporter of its work in schools. We therefore would like to see MAS reinforce pfe's strategy and develop a strong working relationship with it.

Please, do not hesitate to ask if you would like us to expand on any of these points. Otherwise, we will continue to participate in your Industry Forum and suggest that we arrange a date for you to deliver a presentation to IMA members.

Yours sincerely



Victoria Nye

Director, Training and Education

Money Advice Service consultation IMA responses:

1. The five key outcomes we have set out for getting people to manage their money effectively

The five financial activities specified in the draft business plan for 2013/14, which people should be able to carry out "in line with their personal circumstances, responsibilities and aspirations", are good indicators of personal financial capability.

IMA's focus is on the savings and investment aspects of personal financial planning, so it strongly supports the fact that "saving regularly" and "saving for retirement" are amongst the five outcomes.

However, it is important to take account of the fact that retirement savings in particular are usually investments, which means undertaking some risk for longer-term gains. An increased propensity for DIY investing is listed as a theme in your "policy landscape", but we believe MAS should still refer to the value of financial advice. Knowing when you need advice and securing it from a qualified adviser is an important aspect of financial capability.

2. Our identification of the most appropriate target groups

The target groups you have chosen make sense and the process by which you have identified them is logical. The overlap with IMA members' customer base is relatively small, but we trust that, over time, those you are targeting and encouraging to save for retirement will become customers.

3. The key principles we have outlined – personalisation, customisation, use of mobile technology – for future product development

The personal approach is important to attract and keep customers and we support the follow-through of this approach on your website, alongside a telephone and face-to-face service.

We urge MAS to ensure that it is using well tested, value-for-money, methods to ensure its service is attractive, accessible and effective.

4. Our approach to working in partnership with other organisations in the field

We welcome your commitment to working in partnership. We look forward to more information about the partnerships you have established and will develop over time, including evidence of how they add value. We hope that credit will be given to the contribution of your respective partners when and where it is due.

IMA is already working with MAS staff to decide where the information and expertise that IMA provides on investment can complement or even replace some of the web information on your site.

The budget allocated to partnerships seems small relative to the totals: 7.1% of the total budget of £43.7m for the giving advice, young people and financial capability themes. Is it MAS's intention to support partners financially, particularly those with charitable status, assuming they are able to add value in meeting the MAS objectives? If so, this proportion of the budget may need to increase, if not in 2013/14, then in future years.

This may be especially valid under strategic aim 3, in which area pfeg is well-established in helping school teachers, but which relies on voluntary funding, particularly from companies, and may therefore be vulnerable to the commercial pressure associated with such donations.

5. Our programme of work to develop the financial capability of young people

IMA welcomes MAS's objective to work with partners to ensure young people receive high-quality education in schools. The key partners are the schools and teachers working in them, but also those who influence the curriculum.

IMA has supported pfeg since it was founded 14 years ago, and is pleased to see that it is already working towards many of the deliverables listed alongside your "education in schools" objective. For example, pfeg, with the help of education experts, has developed a clear guide to where personal finance education can be included in the four key stages of the curriculum and been rewarded by last week's announcement from the Minister for Education; pfeg 'quality marks' third party materials in line with the teachers' requirements; and it trains existing and trainee teachers. We hope that MAS will complement and enhance pfeg's efforts, benefitting as it does from a larger and more consistent source of funding. For example, MAS could simply support the core, yet under-funded, element in the pfeg's strategy, which is to improve teachers' knowledge and skills to deliver personal finance education through the curriculum.

Looking at the detail, the exact nature of several of the deliverables could be clearer. For example: "Communicate (what?) directly (or indirectly?) to teachers by developing partnerships (with whom?) to promote financial education in schools." Also, we look forward to further information on the item "Develop, promote and monitor use of industry voluntary code of practice"?

MAS's focus to date on adults and the nature of its target audiences puts it in a strong position to support young people's financial capabilities through family and community learning opportunities.

We also welcome MAS's intention to share good practice in financial education and to evaluate effectiveness. Again, pfeg is already working on these aspects. MAS's involvement would be helpful, particularly in meeting the challenge of evaluation when the outcomes are subject to other influences and the time lines are long.

6. Our approach to measuring impact

IMA, whose members are co-funders of the MAS, is pleased to read that the Business Plan is outcome-orientated and that MAS is prepared to measure its impact. We look forward to seeing the evaluation reports on a regular basis to show progress towards your targets and value for money. We will participate in the stakeholder survey and would like to contribute to the development of the baseline survey in so far as it asks questions about investment and long term savings.

7. Are there any specific products and services that you think we should consider developing in order to encourage action against the five key outcomes?

IMA hopes that MAS will fulfill its promise to work with partners, will be alert to good practice and will support the most effective products and services, even if they are "owned" by a third party, in delivering the outcomes we all would like to see.

8. How can we work with you most effectively to make best use of resources and get the greatest impact for the public?

We are pleased that MAS appears ready to work with IMA in improving the information available on 'investment'. MAS is developing an impressive array of web-based tools and other services that should help people become financially capable and begin to assess whether they are ready to invest. We will assist MAS in making sure that the information it provides on investment is accurate and trust that MAS will draw on our expertise and not duplicate the more detailed information, including the funds directory, that is already available on IMA's consumer site, investingin funds.org. We could possibly also help MAS in "training" its and its affiliates' staff, such as those who work on telephones or face-to-face, on the subject of investment.

9. Do you think the priorities we set out for our debt advice work in February 2012 are the right ones to enable us to meet our statutory objectives in this area?

No comment.

10. How far do you think our approach to debt advice coordination will help more over-indebted people get quick access to high-quality advice in a way that meets their needs? What more could we be doing to help ensure this?

No comment

11. What more needs to be done to influence the financial capability landscape in the UK?

The MAS has not to date appeared to use its "leadership and expert voice to influence policy in the UK and internationally", but IMA would encourage it to do so. The OECD has recommended that each nation has a financial capability strategy and IMA looks forward to MAS's output later in the year. The UK should not be left behind as more and more nations attempt to improve the financial capability and so independence of their residents.

12. Which other organisations should we be working with to influence the financial capability landscape in the UK?

This exercise should draw on the partnerships you are developing in delivering advice and in helping young people. You should work with employers and suppliers of services, including, not just the financial services sector, but also utility companies and others where financial capability is a relevant customer competency. You should also include educationalists at all levels and Government, including the Department for Work and Pensions, the Department for Education, HM Treasury, HMRC, the Department for Employment and Learning, and the Department for Communities and Local Government.