

Financial capability: Supporting credit union members towards greater financial wellbeing

**Dr Lindsey Appleyard,
Professor Sally Dibb,
Dr Hussan Aslam
February 2020**

**Financial capability:
Supporting credit union members towards greater
financial wellbeing**

**By Dr. Lindsey Appleyard, Professor Sally Dibb, Dr. Hussan Aslam of the
Centre for Business in Society, Coventry University**



Published by the

Centre for Community Finance Europe Ltd.

Dublin, Ireland

In collaboration with Liverpool John Moores University

February 2020



The Centre for Community Finance Europe Ltd. is a not-for-profit research organisation incorporated in 2016 in Dublin, Ireland. Its mission is to undertake high quality research, to lead on ideas and innovations, and to explore tested solutions related to credit unions, co-operative banks and similar not-for-profit providers of community-based financial services in Europe.

CFCFE is rooted in values of co-operation, participation, social and financial inclusion, transparency, integrity, and excellence. Much of its work is done in collaboration with Liverpool John Moores University.

CFCFE is financially supported by the subscriptions of its members, by donors desiring to support its work, and by project grants from foundations, governmental bodies, and others who commission specific research that is consistent with the Centre's mission and values.

Although the Centre seeks suggestions and critiques on its work from its members and other funders, CFCFE is an entirely independent organisation, and it is solely responsible for the work it performs and publishes. The contents of its research papers and any opinions they may contain are in each case solely those of their authors, and they should not be attributed to members, funders or any other third parties.

Author: This paper is written by Dr Lindsey Appleyard, Professor Sally Dibb, Dr Hussan Aslam of the [Centre for Business in Society](#), Coventry University.

Centre for Business in Society (CBiS): CBiS is Coventry University's home for specialist researchers within the Faculty of Business and Law. The Centre's research promotes responsibility and inclusivity, seeking to change behaviours in order to achieve better outcomes for economies and societies. The CBiS Responsible Community Finance team works in conjunction with community, policy and practitioner stakeholders to support the development of financially resilient individuals and communities through its research. CBiS's research groups also examine aspects of sustainability and ethical consumption in the circular economy, as well as investigating new models and policies in economic development to reflect changing societal values and realigned public spending.

CBiS contact: Professor Sally Dibb, sally.dibb@coventry.ac.uk

CFCFE contact: Dr Paul A Jones, Director of Research, p.a.jones@cfcfe.eu,
www.cfcfe.eu

Table of Contents

Executive summary	1
1. Introduction	3
2. Findings.....	6
3. Financial Education that Works Best for Credit Union Members	11
4. Solutions: The Free <i>MoneySkills</i> App for Credit Union Members.....	14
5. Conclusions	19
References.....	21
Membership of the Centre for Community Finance Europe	22

Executive summary

The financial capability of adults across Europe is key to their financial wellbeing (European Union, 2015). Yet half of all adults in the UK are financially vulnerable, with little savings to rely on if they experience a financial shock such as redundancy, illness, or relationship breakdown (FCA, 2018). This paper examines the role of credit unions in improving the financial capability of their members, through the provision of financial education and resources for credit unions to support this process. The findings come from recent research at [Coventry University](#) that tested the effectiveness of practical education materials designed to improve financial resilience. Recommendations for credit unions are included through a series of action points. Details of a free-to-use *MoneySkills* app that offers money management guidance and provides an interactive budgeting tool are shared in the paper. This app can be personalized and used 'on the go' to improve credit union members' ability to manage their money. The app was developed as part of a wider project and is designed for everyone to use.

A key recommendation from the Coventry University research is that **offering financial education to members helps build the knowledge and skills needed to manage their money well**. By exploring credit unions' role in improving the financial capability of members, the research also finds that **credit unions should continue to educate members about money management basics, including: budgeting; setting financial goals; and the promotion of thrift and financial resilience through saving**.

The research shows that the position credit unions occupy in local communities is crucial, with credit unions **needing to leverage their community role to support local people's financial wellbeing**. There are many ways to offer such support, including by **working in partnership with other local stakeholders, such as the local council and community-based voluntary organisations**. Other options include using collection services or working with local schools to encourage children and their families to save, attending community engagement events to promote credit unions, or working with local partners who can support that promotion.

Credit unions should consider offering **one-to-one conversations or small group financial education workshops for current members and prospective members depending on the credit union's resources**. As well as providing financial education, this offers a productive safe space to **encourage financial conversations that help to break taboos about money**.

In cases where members are feeling out of control of their money or facing escalating debt, **individual face-to-face support or signposting to free, independent debt advice¹ is needed.**

Supporting members to make simple changes to their financial habits can improve their ability to manage their spending, help them save, and improve their financial wellbeing. What different members need depends on whether their financial literacy is low or high, but even those with high financial literacy may need help.

The research identified several important focal areas for financial education. **Teaching how to budget enables members to understand how much they spend and where savings are possible,** helping them feel more in control of their money. Supporting members **to set clear financial goals, tailored to their personal situations,** helps them to balance short-term wants with longer-term needs and aspirations. Emphasizing the need to **build a small pot of savings is crucial.**

When providing financial education and support, credit unions should **make the most of key moments in members' lives when they will be more receptive to financial education;** for example, when leaving school, having a baby, moving house, or preparing for retirement.

Financial education materials in a range of formats to suit different members' needs are needed. The integration of smart devices into daily life has fed demand for digital materials to support financial capability. However, people often like to keep paper copies to hand, which can be readily shared with others. **When financial tools are offered, these must be easily integrated into members' regular money management routines.** Members need to **be guided on how to apply these financial tools to their own situation.**

The *MoneySkills* app offered alongside this paper **provides content on budgeting and saving through short video clips, E-zines and an interactive budget planner.** Credit unions can benefit by using this app as **a source of simple financial education on budgeting, setting financial goals and saving to share with members.** Credit union members can use it as **an interactive tool to manage their finances on the go.**

The *MoneySkills* app is **available free in iOS from the App store or for Android from the Google Play Store,** with a web-based version available at: <https://www.moneyskillsapp.com/home>. Please note that the app, developed from a research project with the Money Advice Service, was not designed specifically for credit unions but for customers of all financial institutions.

¹ Independent debt advice agencies include for example, StepChange or National Debtline.

1. Introduction

This paper examines the role of credit unions in improving the financial capability of their members, through the provision of financial education and resources for credit unions to support this process². The recommendations come from recent research that tested practical education materials designed to improve financial resilience against financial shocks. Recommendations in the form of action points are made to help credit unions improve their members' financial capability. The paper introduces a free-to-use, interactive *MoneySkills* app that credit unions can offer to members to support this process. The app can be personalized and used on the go to improve members' ability to manage their money.

1.1. Financial capability and why it matters

The financial capability of adults across Europe is key to financial wellbeing (European Union, 2015). Put simply, financial capability refers to individuals' ability to manage their money effectively. It involves having the knowledge, skills, confidence and motivation needed to spend and save responsibly, and to be financially prepared for life's ups and downs. Low levels of financial capability are a problem because they tend to be associated with higher levels of financial vulnerability. To reduce their risk of becoming financially vulnerable individuals need to become financially resilient by having:

- The ability to manage their money;
- Access to a small savings pot;
- The ability to access affordable credit.

In the UK, half of adults are considered financially vulnerable, with little savings to rely on if they experience a financial shock such as redundancy, illness, or relationship breakdown (FCA, 2018). Over 10 million people in the UK, which is 21 percent of the population, 'rarely or never save' (MAS, 2018). Around the same number have £100 or less in savings. 17 percent rely on credit, such as overdrafts or credit cards, for everyday essentials like food or bills. Not surprisingly given these statistics, 47 percent of the UK population do not feel confident in managing their money. This lack of financial confidence can be detrimental to wellbeing, leading to lack of sleep, poor concentration, or having to work longer hours to make ends meet.

² A version of this paper is also available for a non-credit union audience that might be less familiar with the work of credit unions available at: <https://www.coventry.ac.uk/research/areas-of-research/business-in-society/cbis-white-papers/>

Individuals' productivity at work can also be negatively affected (MMHPI, 2017). Improving people's confidence and increasing their feelings of control over money, can help to reduce these problems.

Offering financial education is an important way to provide the knowledge and skills people need to manage their money well. Sometimes this is referred to as improving their 'financial literacy' (Lusardi and Mitchell, 2014). With financial risks and responsibilities increasingly being transferred from the collective welfare state to the individual; members of the public need to be able to manage their incomes, save regularly and have access to appropriate affordable credit.

1.2. Supporting financial capability in a digital age

Being financially capable can significantly improve an individual's ability to make good financial decisions. Education has an important role to play in supporting financial capability, but people also benefit from access to financial tools which support their decision making. With smartphone use rising from 53 percent of UK adults in 2013 to 79 percent in 2019 (ONS, 2019), providing financial tools in the digital environment is becoming increasingly important. The rising demand for products and services 'on the go' outside of branch opening hours (Deloitte, 2017) and the increasing popularity of financial tools on smartphone applications or apps (French, et al., 2019), are indicative of these trends. The ability to manage money online, also known as digital financial literacy, can help individuals keep track of their spending and support wider positive economic outcomes (UK Finance, 2018). Credit unions are therefore increasingly recognizing the importance of the digital environment, with some already using financial apps to support the financial capability of their members (French, et al. 2019).

Credit unions provide support for the financial capability and wellbeing of their members in a variety of ways. This paper provides a useful reminder about why financial capability is important, offers insights from recent research about some of the issues that affect financial capability, and then makes practical suggestions for supporting credit union members based on these insights. The free-to-use *MoneySkills* app, designed as an outcome of the research, is introduced and its role in supporting members explained.

1.3. Research to develop financial capability materials and tools

Researchers from the Centre for Business in Society at Coventry University (CBiS) recently completed research as part of the UK's Money Advice Service 'What Works?' funding programme³. The project involved a collaboration with The Open University, several community groups, housing associations and community credit unions⁴. The aim was to design and test simple, practical financial education materials to help people who are 'just about managing' build greater financial resilience by making small, sustainable changes to how they manage their money. Credit unions and their members played a key role in the research. Whilst not the focus of this paper, a detailed review of the project, including the education materials developed, the methods used, details of participants, and the research findings is available here: <https://www.fincap.org.uk/en/evaluations/managing-my-money-for-the-just-about-managing> (Brambley et al., 2019).

The education materials used in the project were provided in the form of an online short course, which could also be printed in hard copy. The materials focused on budgeting and spending decisions and on nudging people to change their behaviour. Participants were encouraged to save by setting achievable goals; for example, stopping having weekly takeaways and instead saving the money towards a holiday.

The education materials were delivered to different groups of 'financially squeezed'⁵ individuals, on low-to-moderate incomes, through several channels. Some received them in paper-based format (either with or without one-to-one support); others were given access to the online version. Some groups attended interactive workshops where they received face-to-face guidance on the education materials. Those who participated in the project reported improvements to their individual financial capabilities and, in some cases, shared their learning to help family and friends.

³ The Money Advice Service has recently relaunched as the Money and Pensions Service following a merger with Pension Wise and The Pensions Advisory Service to create a single guidance body.

⁴ The research was undertaken with the Social Publishing Project, Community Action: Milton Keynes, and the following community credit unions; New Central Credit Union, Coventry and District Credit Union, Swan Credit Union. However, the findings are applicable to all sizes and forms of credit union and the recommendations are designed to consider the needs of different kinds of credit union.

⁵ The financially squeezed are defined as: '*Working-age consumers with significant financial commitments but relatively little provision for coping with income shocks.*' Money Advice Service (2016:6) Market Segmentation: An Overview & Market Segmentation Technical Report. London: Money Advice Service.

A bespoke Financial Capability app inspired by the wider project is now available alongside this paper for credit union members to use. Available for iOS and Android, the free-to-use app includes tools and content that help to enhance financial capability and improve financial resilience. The app aims to improve the financial wellbeing of those who have little resilience to financial shocks.

The vision for delivering financial capability content in this way is to provide a free and readily accessible toolkit of resources to enhance users' learning and engagement. Further details of the app are provided in section 5 below.

Section 1: Action Points

- Offering financial education to credit union members helps provide the knowledge and skills needed to manage their money well.
- Credit unions should continue to educate members about money management basics, including: budgeting; setting financial goals; and the promotion of thrift and financial resilience through saving.

2. Findings

The results from the research undertaken by CBiS shed light on the difficulties people face in managing their spending. These difficulties can negatively affect their financial capability and make them more financial vulnerable. However, the research also identified ways to help the financially squeezed in low-to-moderate income households, to improve their financial understanding and gain control of their spending.

Those participating in the research were supported to improve their resilience to unexpected bills or changes in their personal circumstances through the following activities: they were shown how to prepare a simple budget to improve their day-to-day money management; provided with guidance on setting spending goals; and encouraged to get into the habit of saving some money each month.

This section briefly outlines the research, explains the issues that shaped how participants managed their money and shows the impact of the education materials on how participants managed their money. Explaining the research also shows the thinking behind the *MoneySkills* app presented in section 3 below.

2.1. The research and findings

This section briefly outlines the research process and highlights the key findings and themes from the research. A number of community credit unions took part in the research, with other participants drawn from a population of mature students and from several community groups. The research gathered data on savings from 1900 credit union members who were invited to use the education materials. In addition, in-depth interviews were conducted with 40 of the research participants. From data gathered before and after participants had used the education materials, researchers were also able to explore their attitudes towards their money, the financial challenges they faced, and to learn more about how they managed their money on a day-to-day basis.

Our findings show that individuals made some small but important changes to their spending behaviour, such as switching expensive coffee shop drinks for coffee brought from home or changing utility suppliers. These kinds of shifts in behaviour helped some people to regain control of their spending, put a little money away each month, or to focus on their longer-term financial goals. For example, data gathered across almost 1900 credit union members shows that individuals using the Managing My Money education materials increased their savings by £21.73 after one month and by £33.64 in total after four months.

Jane

Jane is a single mother who works part time, lives in social housing and is currently studying towards a master's degree. She wanted to learn how she "could possibly save, even if it's just a little bit, even though I feel I'm under a lot of pressure and I'm struggling." Jane felt that impulsiveness was causing her to run out of money. This lack of control over her finances meant that she sometimes felt overwhelmed and unable to see how she could "ever be in total control" of her situation. She owed money to a variety of creditors and felt that "it's like a never-ending thing. It's just constantly every month the same thing, day in, day out."

The workshop was an important moment of change for Jane because it led her to realise that she is "not the only one in this situation and it's better to make actions to change instead of just leaving the situation and letting it grow and get worse." Jane liked to learn "from other people that were non-judgemental and have the same experience as well but come from a different lifestyle". She felt motivated by this positive experience to try and reduce her debt by starting to pay bills she had ignored.

She said that it gave her “some motivation to not just leave things... To start working on it, start paying them.” Jane used a variation of the budget plan provided to put in place an achievable programme of small changes to progress getting her bills paid.

Many participants shared Jane’s feelings of being out of control with her finances. However, even when making changes to how they managed their money to get back in control, many challenges could get in the way.

2.2. Financial education does not always lead to better financial decisions

Although financial education is important to help people manage their money more effectively, providing financial education will not automatically make people more financially capable. Even those who consider themselves financially literate, often lack the capability to manage their money well. The findings showed that although people generally knew what they *ought* to do to manage their spending, they often still struggled to take the necessary action. A lack of motivation or being in a poor routine with their finances was often to blame. Some individuals faced difficulty because they failed to keep track of the dates on which bills were due. Others found that they were just not prepared for the unexpected. One individual talked about the fine line between being in control of their money and getting into financial difficulty:

“I am in control...But I don’t feel it...I’m waiting for the carpet to be just pulled from under my feet”.

Individuals on good salaries seemed just as likely to have difficulties managing their money as those on low incomes. They can suffer from the same motivational problems in keeping on top of their finances, as shown by Amanda’s comments below:

Amanda

“I’m confident in the sense that, all my bills are paid, not behind in anything, meet my commitments for my daughter etc, you know, but then, not so good at not buying things impulsively and because it makes me feel good, so in that sense, I’m not good at managing money, if I didn’t buy the things I didn’t need, I earn a very good salary... I earn forty five thousand a year, so I have a good salary, I’m not in the position where other people are where they’re struggling to pay the basics, so I have no excuse and that’s why I say I’m good in one sense and very bad in another.”

Factors beyond the control of even the most financially literate people, can affect their ability to manage their money effectively. The research findings identified several such problems. Illness or mental health difficulties created problems for some individuals, who often felt disempowered and frustrated by outside forces that were negatively affecting their ability to manage.

One participant spoke movingly about the profound impact of depression on all parts of their life, and of the knock-on effects on their finances; while another, who had a good understanding of how to manage their finances, explained:

“...the biggest problem I have with my situation ... is that knowledge isn’t enough”.

These insights show that individuals may need support that goes beyond simply providing them with necessary money management skills. Where members are feeling out of control of their money, individual face-to-face support may be needed to talk through the issues. Free, independent debt advice might also sometimes be required.

2.3. Emotional factors in managing money

Emotional factors play a significant role in how people manage their money. Many participants were influenced by emotions to spend, even when they could not really afford to. The need for that emotional buzz, for gratification ‘in the moment’, is a well-known driver for such behaviour. Many spoke about spending to cheer themselves up or to alleviate boredom. Others described spending as being important to their mental wellbeing, as this participant described:

“...it gives you that little warm fuzzy glow when you’ve been shopping”.

Even though participants often realized that they ought not to behave like this, they often did so anyway. Some younger respondents felt that they should enjoy themselves while they could, before the responsibilities of adulthood really kicked in. They recognised that getting an emotional buzz from such spending tended to be short-lived, with feelings of regret quickly following, as this participant explained:

“Oh my god, I feel high, I feel amazing. Then the next day, you’re like, okay, maybe I shouldn’t have spent that”.

The desire to provide for their loved ones – especially their kids – was a strong emotional driver for many participants. Financial sacrifices to ensure that the kids could go on a school trip, enjoy an after-school activity, or have the latest trainers, were common. Unfortunately, these sacrifices could lead to financial shortfalls elsewhere, causing other problems. Even so, those involved in the research often felt that these problems were worth it, for the sake of the kids.

Inevitably, there was a dark side that individuals faced to spending beyond their means. Some people had to roll their debts over to the next month or missed a bill payment because their emotional needs got in the way of basic necessities. Although most intended to catch up the following month, others became trapped in a pattern of repeating the behaviours and found themselves in serious financial difficulty.

2.4. The education materials

The education materials concentrated on a few key topics around budgeting, spending and saving which made it engaging and easy to understand. Supporting people to make financial decisions by helping them to set clear goals was strongly emphasized. Having these goals to work towards increased the impact of the financial education. Many participants described how budgeting helped them to make active choices, which then impacted on their day-to-day financial habits and behaviour, as these participants described:

“After the course, I realised that if you want to be, if you really want something, you have to make [an active choice to do it], and that kind of reiterated the fact that if you don’t budget and you are on a limited expenditure, this is the trap you will fall in.” Judith

“When I first came, I was thinking I was in control, I knew what I was doing and all that stuff. But after that, I had to take the steps she took to add up my expense and my income and I found that I was spending more than coming in. So, I thought, how can I cut this down and I decided that all the unnecessary expenditures as well, I’m thinking more about saving.” Brie

The budgeting process enabled participants to understand their income and expenses, which then helped them feel more in control of their money. In some cases, those involved found it enabled them to have enough money to manage financially through to the end of the month and in others, it allowed them to start saving, as this participant explained:

“I feel more confident now and I see more reasons to save now, because if you don’t save for the rainy day, then you tend to borrow and to pay back, you still have to go through the same process, which you should have done whilst saving. When you save, you don’t incur the borrowing costs. So, I saw a lot of reasons why I should really save. So, that was most important for me.”
Caitlyn

The style of the education materials, the simplicity of the content, and offering the materials in different formats, all played an important role in nudging people to make small changes in how they planned and managed their finances. These changes then helped to improve their financial resilience.

The next section considers the implications of the research findings for how credit unions provide financial education for their members.

Section 2: Action Points

- Emotional factors can significantly affect how members manage their money. Helping members focus on longer-term goals can reduce the impact of emotional factors.
- Individual face-to-face support is sometimes needed, especially where members are feeling out of control of their money. Free, independent debt advice might also be needed.
- Showing how to budget enables members to understand how much they spend and where savings could be made, helping them feel more in control of their money.

3. Financial Education that Works Best for Credit Union Members

In this section, some guiding principles for delivering financial education that emerged from the research findings are explained. These principles relate to when, how and what educational materials should be used. Offering financial education is one way in which credit unions can help increase the financial skills and knowledge of their members, as a way to develop their financial capability and improve their financial resilience. Not all activities will be possible or relevant for all credit unions. It is suggested that credit unions focus on what is achievable with their resources and suitable for their members. For example, smaller credit unions may wish to offer face-to-face education, whilst larger credit unions may prefer to email members with the financial education tools.

3.1. Guiding principles for delivering financial education

The research findings indicate there are several guiding principles for delivering financial education to credit union members:

1. **Make the most of key moments in people's lives.** There is an increased receptiveness to education to develop financial literacy and financial capability at moments of change, such as when leaving school, going to college or starting a first job, moving house, starting a family or preparing for retirement.

2. **Provide education materials in formats that suit individuals' needs.** The integration of smart devices into daily life has fed demand for digital tools and materials to support financial capability. However, there is also a need for paper copies that can be kept readily to hand and shared with other family members.
3. **Offer financial tools that become part of people's regular money management routines.** Most individuals know that they should take control of their spending, but many fail to establish the necessary routine behaviours. If financial education is to create better financial outcomes, the tools people use need to fit easily into the day-to-day routines and they need to be nudged to use them regularly.
4. **Give hands-on guidance to support engagement with financial tools.** Some people need the reassurance of hands-on support to guide them about how to use financial tools and apply them to their situation.
5. **Encourage financial conversations to break taboos about money.** Meeting face-to-face in a 'safe space' with others experiencing similar financial challenges can reduce individuals' feelings of isolation about their financial situation. Supporting such conversations in hard-to-reach or deprived communities is a challenge, with credit unions having an important role.

3.2. How needs for financial education differ

In addition to these guiding principles, the research findings highlight that even those who believe their financial literacy to be high, need help to build and retain good habits in managing their money. However, there are important differences in the needs of individuals with relatively lower levels of financial literacy compared with those who have higher levels of financial literacy.

3.2.1 Lower financial literacy

These individuals may struggle to think clearly about their finances and often do not understand how to budget and save. Some will be particularly vulnerable because of low financial means.

- Access to general financial education is a high priority for those with very low financial literacy.
- Simple, accessible financial budgeting and savings tools are necessary to nudge regular behaviour and help individuals focus on longer-term goals.
- Those with low financial literacy who have low financial means need access to individual financial guidance.

- Reinforcing learning by regularly being reminding about good financial practices is important, helping reduce the likelihood that emotional factors will lead to poor decisions.
- Those who have learned through experience to manage their finances but are less familiar with the technicalities of how to budget and save, need access to financial budgeting and savings tools to reinforce their financial capability.

3.2.2 Higher financial literacy

These individuals may understand the basics of how to budget and save but they may still be vulnerable because of low financial means or because their spending is influenced by emotional factors.

- Access to general financial education is low priority for those with high financial literacy.
- Although familiar with how to budget and save, these individuals need to maintain budgeting and savings habits to discourage them from emotionally-driven, short-term decisions.
- Those with high financial literacy who have low financial means still need access to individual financial guidance.
- Reinforcing learning by regularly reminding about good financial practices is important, helping reduce the likelihood that emotional factors will lead to poor decisions.

In the next section, details are provided of a free to use app to support credit union members' financial capability. The *MoneySkills* app was developed from the findings of the Managing My Money research project. Its development builds on the guiding principles for delivering financial education to credit union members and reflects the need for financial tools that support individuals with different levels of financial literacy across the income spectrum.

Section 3: Action Points

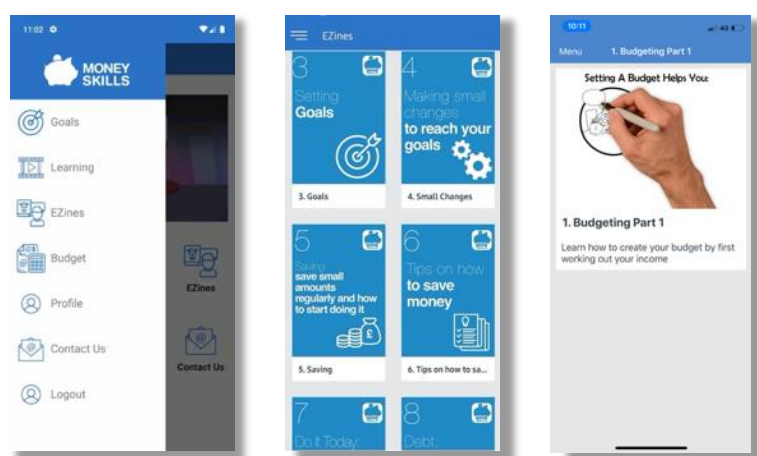
- The appropriate support for members depends on whether their financial literacy is low or high. Even those with high financial literacy may need help.
- Supporting members to change their financial habits can improve their ability to manage their spending, help them save, and improve their financial wellbeing.
- Supporting members to set clear financial goals, tailored to their personal situations, helps them to balance short-term wants with longer-term needs and aspirations.

- Making the most of key moments in members’ lives when they will be more receptive to financial education or guidance matters; for example, when leaving school, having a baby, moving house, or preparing for retirement.
- Financial education materials are needed in a range of formats to suit different members’ needs. The integration of smart devices into daily life has fed demand for digital materials to support financial capability. However, people like keeping paper copies to hand that can be shared with others.
- Financial tools should be offered that can be integrated into members’ regular money management routines. Digital and non-digital formats are needed to fit easily into members’ daily lives.
- Hands-on help should be provided to support engagement with financial tools, so that members are guided in how to apply them to their situation.
- Encouraging financial conversations helps to break taboos about money.

4. Solutions: The Free *MoneySkills* App for Credit Union Members

The *MoneySkills* app for iOS and Android app includes tools and content that credit union members can use to enhance their financial capability and improve their financial resilience. The app focuses especially on improving the financial wellbeing of those who have little resilience to sudden financial shocks.

The app, developed from a research project with the Money Advice Service (see 1.3 above), was not designed specifically for credit unions but for customers of all financial institutions.



4.1. The app concept and benefits

The app provides interactive financial capability content on budgeting and saving through short video clips, E-zines and an interactive budget planner. Although other

available apps offer interactive budget planners, they do not include this kind of financial capability content to support the effective and long-term use of the budget planner.

Delivering financial capability content in this innovative way provides an integrated and complementary toolkit of resources to enhance users' learning and engagement. This approach engages and meets the needs of individuals, beyond what can usually be achieved through one-off education courses.

The app's content is adapted and developed from the tools and resources used in the MAS Managing My Money project but offered in an exciting new format. The aim of providing this content in this format is to offer ongoing support and 'nudges' to keep individuals on track and engaged with improving their financial capability. Such provisions are not currently offered by existing methods of delivering financial capability content.

Available across mobile platforms and in web format, the app is an interactive resource that delivers free education, tools, materials and other content, which aims to:

- Develop the financial capability of users who have low resilience to financial shocks;
- Improve the financial behaviour and habits of those who are not in significant financial difficulty but who are at risk of future financial hardship because they have little or no provision for dealing with financial shocks;
- Offer a valuable resource for others to improve their ability and confidence in managing their finances;
- Provide users with a longer-term view of their finances by aiding dissemination of information on pensions, savings and other financial products, such as mortgages and credit cards.

4.2. Features and content

The *MoneySkills* app provides users with an interactive budget planner to help them monitor and understand their day-to-day spending. There is also a feature to help users to set and work towards their own financial goals. The app also provides educational materials that have been developed to improve users' financial literacy. These include a collection of animated information clips to entertain and inform users, and a catalogue of educational e-zines, featuring a range of financial capability education materials.

Interactive budget planner

An interactive budget planner was adapted from the popular version used in the Managing My Money project. This planner provides users with key insights into their spending, illustrating what percentage of their monthly income goes on bills, food or other expenses. This information helps build an understanding of how to make small but impactful changes to their day-to-day spending.

Set your goals

This feature allows users to set their financial goals so that they prioritise a target to work towards. These goals can develop and change as they use the app. All users are encouraged as one of their goals to regularly save a small amount of their income. Users can also see over time how their thinking around their financial goals has evolved as they use the app.

Animated information clips

A collection of video clips has been especially created for the app. These short, entertaining animated clips provide tips on how to make small everyday changes to develop a simple and usable budget, set achievable financial goals, prioritise spending to focus on the things that matter most, and explain how to save for a rainy day.

E-zines

A series of short and concise electronic books have been adapted from the education materials developed for the MAS Managing My Money project. This bitesize content delivers key money management information through accessible, easy-to-use content on the following topic.

- Budgeting: Assessing Vol. 1 – *Work out your income*
- Budgeting: Assessing Vol. 2 – *Calculate your spending*
- Goals – *What do you want?*
- Small changes – *Working towards your goals*
- Saving – *Small amounts*
- Good debt and bad debt – *Making the right choice for you*
- Do It Today List – *7 things you can do in 15 minutes or less*

4.3. Link to the *MoneySkills* app

The *MoneySkills* app is available free in iOS, Android and web-based formats. The iOS version can be downloaded from the App Store and the Android version can be downloaded from Google Play Store. A web-based version of the app can be accessed through this link:

<https://www.moneyskillsapp.com/home>

4.4. Guide for promoting the app to credit union members

Five simple ways can be used to maximise the app's use with credit union members and to promote general awareness of the credit union in the community. Staff will be key to promoting the app as they interact with members. Key features of the app

can become part of the conversation and provide a solution to members' money management issues.

1. Posters and flyers: posters displayed in branch and flyers for staff to give to members.
2. Newsletter: the app could be introduced in news updates to explain its contents and benefits.
3. Conversations with community stakeholders: increased awareness of money management and saving through the credit union could take place in different settings such as Housing Associations, schools, community centres, places of worship, parent and toddlers' groups, etc. All are effective settings to reach new members. These conversations could include sharing details of the app.
4. App demonstration: staff could show members how to use the app on a one-to-one basis during loan applications, budgeting support, or in a small group setting.
5. Sharing the app: members could be encouraged to share the app with family and friends and show them how to download and use it.

Section 4: Action Points

- The *MoneySkills* app provides content on budgeting and saving through short video clips, E-zines and an interactive budget planner.
 - Credit unions can use it as a source of simple financial education on budgeting, setting financial goals and saving to share with members.
 - Members can use it as an interactive tool to manage their finances on the go.
- Credit unions and members can download the *MoneySkills* app free in iOS from the App store or for Android from Google Play Store. A web-based version of the app can be accessed through this link:
<https://www.moneyskillsapp.com/home>

5. Conclusions

To summarise, this paper has reported the findings of a study into the impact of a financial education project on credit union members and offers suggestions for how credit unions can work towards improving the financial capability of their members. The action points from the Coventry University research are provided in full below and can be actioned as appropriate to each credit union:

Action Points 1:

- Offering financial education to credit union members helps provide the knowledge and skills needed to manage their money well.
- Credit unions should continue to educate members about money management basics, including: budgeting; setting financial goals; and the promotion of thrift and financial resilience through saving.

Action Points 2:

- Credit unions could leverage their community role to support local people's financial wellbeing, for example:
 - Working in partnership with other local stakeholders where appropriate;
 - Through collection services or with local schools to encourage children and their families to save;
 - Attending community engagement events to promote credit unions, or working with local partners who can support that promotion;
 - Offering one-to-one guidance or small group financial education workshops for current members and prospective members.
- Emotional factors can significantly affect how members manage their money. Helping members focus on longer-term goals can reduce the impact of emotional factors.
- Individual face-to-face support is sometimes needed, especially where members are feeling out of control of their money. Free, independent debt advice might be needed.
- Showing how to budget enables members to understand how much they spend and where savings could be made, helping them feel more in control of their money.

Action Points 3:

- The appropriate support for members depends on whether their financial literacy is low or high. Even those with high financial literacy may need help.

- Supporting members to change their financial habits can improve their ability to manage their spending, help them save, and improve their financial wellbeing.
- Supporting members to set clear financial goals, tailored to their personal situations, helps them to balance short-term wants with longer-term needs and aspirations.
- Making the most of key moments in members' lives when they will be more receptive to financial education or guidance matters; for example, when leaving school, having a baby, moving house, or preparing for retirement.
- Financial education materials are needed in a range of formats to suit different members' needs. The integration of smart devices into daily life has fed demand for digital materials to support financial capability. However, people like keeping paper copies to hand that can be shared with others.
- Financial tools should be offered that can be integrated into members' regular money management routines. Digital and non-digital formats are needed to fit easily into members' daily lives.
- Hands-on help should be provided to support engagement with financial tools, so that members are guided in how to apply them to their situation.
- Encouraging financial conversations helps to break taboos about money.

Action Points 4:

- The *MoneySkills* app provides content on budgeting and saving through short video clips, E-zines and an interactive budget planner.
 - Credit unions can use it as a source of simple financial education on budgeting, setting financial goals and saving to share with members.
 - Members can use it as an interactive tool to manage their finances on the go.
- *MoneySkills* is available free in iOS from the App store or for Android from Google Play Store. A web-based version of the app can be accessed through this link: <https://www.moneyskillsapp.com/home>

References

- Brambley, W. et al. (2019) Managing My Money for the Just About Managing. Available at: <https://www.fincap.org.uk/en/evaluations/managing-my-money-for-the-just-about-managing>
- Deloitte (2017) State of the smart: Consumer and business usage patterns. Available at: https://www.deloitte.co.uk/mobileuk2017/assets/img/download/global-mobile-consumer-survey-2017_uk-cut.pdf
- European Union (2015) Improving the financial literacy of European consumers. Available at: [http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/557020/EPRS_BRI\(2015\)557020_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/557020/EPRS_BRI(2015)557020_EN.pdf)
- FCA (2018) The financial Lives of consumers across the UK: Key findings from the FCA's financial lives survey 2017. Available at: <https://www.fca.org.uk/publication/research/financial-lives-consumers-across-uk.pdf>
- French, D. McKillop, D. Stewart, E. (2019) 'The effectiveness of smartphone apps in improving financial capability'. The European Journal of Finance, DOI:10.1080/1351847X.2019.1639526
- Lusardi, A. and Mitchell, O. S. (2014) 'The Economic Importance of Financial Literacy: Theory and Evidence'. Journal of Economic Literature, 52 (1) 5–44.
- MAS (2018) Key statistics on UK financial capability. Money Advice Service. Available at: <https://www.fincap.org.uk/en/articles/key-statistics-on-uk-financial-capability>
- MMHPI (2017) Overstretched, overdrawn, underserved: financial difficulty and mental health at work. The Money and Mental Health Policy Institute. Available at: <http://www.moneyandmentalhealth.org/wp-content/uploads/2017/05/MMHPIOverstretched-Overdrawn-Underserved.pdf>
- ONS (2019) Internet access – households and individuals, Great Britain: 2019. Office of National Statistics. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsocialmediausage/bulletins/internetaccesshouseholdsandindividuals/2019#over-8-out-of-10-adults-access-the-internet-on-the-go>
- UK Finance (2018) The way we bank now. Available at: <https://www.ukfinance.org.uk/system/files/WWBN-FINAL-Digital.pdf>

Membership of the Centre for Community Finance Europe

* Denotes Founding Member - these organisations supported the inauguration of CFCFE in 2017

Credit Union Platinum Members

Comhar Linn INTU Credit Union* , Ireland	Community Credit Union , Ireland	Health Services Staffs CU* , Ireland
Core CU* , Ireland	Dundalk CU* , Ireland	Progressive CU* , Ireland

CU Gold Members

Altura CU* , Ireland	Dubco CU* , Ireland	No1 CopperPot CU* , England
Capital CU* , Ireland	Enterprise CU* , England	St. Anthony's & Claddagh CU* , Ireland
Capital CU , Scotland	First Choice CU* , Ireland	Savvi CU* , Ireland
Central Liverpool CU* , England	Life CU* , Ireland	Tullamore CU* , Ireland
Commsave CU* , England	NHS CU* , Scotland	

CU Silver Members

Hoot CU , England	Plane Saver CU* , England	Unify CU , England
Just CU , England		

CU Bronze Members

1st Alliance CU , Scotland	Heritage CU , Ireland	St. Jarlath's CU* , Ireland
Bristol CU , England	London Mutual CU* , England	South Manchester CU , England
Clockwise CU , England	Manchester CU , England	Tipperary CU* , Ireland
Clonmel CU , Ireland	Member First CU* , Ireland	TransaveUK CU , England
Co-op CU , England	Naomh Breandan CU , Ireland	Voyager Alliance CU , England
Donore CU , Ireland	Sligo CU , Ireland	

Corporate Members

Cantor Fitzgerald* , Ireland	Fern Software , Great Britain/ N. Ireland	Payac , Ireland
CUFA Ltd.* , Great Britain/Ireland	OCWM Law* , Ireland	The Solution Centre* , Ireland

CFCFE Board of Directors

Dr. Paul A. Jones, Director of Research	Nick Money, Director of Development
Ralph Swoboda, Chair	

CFCFE Research Advisory Board

Professor Elaine Kempson (Professor Emeritus, University of Bristol)	Dr. Olive McCarthy (Senior Lecturer, University College Cork)
Ed Mayo (Chief Executive, Co-operatives UK)	Professor Anne-Marie Ward (Professor of Accounting, Ulster University)