



## **The Consumer Council for Northern Ireland response to the Money and Pensions Service Listening Document**

### **The Consumer Council**

1. The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland. The Consumer Council uses eight consumer principles to understand how particular issues, policies and regulatory proposals are likely to affect consumers. The principles are:
  1. Access – can people get the goods and services they need or want?
  2. Choice – is there any?
  3. Safety – are the goods or services dangerous to health or welfare?
  4. Information – is it available, accurate and useful?
  5. Fairness – are some or all consumers unfairly discriminated against?
  6. Representation – do consumers have a say in how goods or services are provided?
  7. Redress – if things go wrong, is there a system for putting them right?
  8. Education – are consumers aware of their rights and responsibilities?

### **Consultation Response**

2. The Consumer Council welcomes the opportunity to respond to The Money and Pension Service (MaPS) listening document and enjoyed participating in the Belfast Listening Event on 6 June 2019 at the Skainos Centre. Our Chief Executive gave a presentation on the key issues facing Northern Ireland consumers and a number of staff gave extensive comment on the issues and questions posed on the day. Therefore, this response will focus on the key points made at the event, and will refer to the National Strategy and the five life stages discussed at the event.

#### National Strategy

3. The Consumer Council supports the development of a National Strategy but would call for a clear focus on the differences that are evident in the regions of the UK. According to the FCA's Financial Lives Survey<sup>1</sup>, 24% of Northern Ireland consumers cited a low understanding of financial issues compared to a UK average of 17%. Similarly they expressed low levels of financial confidence. More feel they have low financial capability (24% vs. 17%). Not as many describe themselves as a confident and savvy consumer (43% vs. 52%), or as highly confident

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<sup>1</sup> FCA Financial Lives Survey <https://www.fca.org.uk/publications/research/understanding-financial-lives-uk-adults>

managing their money (26% vs. 37%). Fewer consider themselves to be highly knowledgeable in financial matters (10% vs. 16%).

4. Page 66 of the MaPS listening document lists key aspects of financial capability measured in 2018. Of the 14 areas, Northern Ireland is listed as the worst performer for 11 of the indicators. In his introduction to the document, the CEO of MaPS asks 12 questions which focus on what MaPS top priorities should be and how the service should help those most in need, those who are in vulnerable circumstances, and balancing maximising impact whilst reaching as many people as possible.
5. FCA's Financial Lives survey and MaPS' own document indicates that Northern Ireland consumers are most likely, as a region, to need key interventions. Therefore, The Consumer Council requests that the National Strategy reflects the specific needs of Northern Ireland consumers. One way of achieving this would be to have Northern Ireland specific baseline figures and specific Key Performance Indicators (KPI), which seek to have a real impact for consumers in the region.
6. The Consumer Council welcome the fact that MaPS continues to have a presence in Northern Ireland and we value our close working relationship. The Consumer Council believes it is important that MaPS continues to have a local presence to best understand the specific needs of Northern Ireland consumers.

#### Children and Young People

7. The Consumer Council supports KPIs that seek to focus on ensuring young people receive financial education linked to good financial capability. This is an area of work in which we have been developing our own programmes, focusing on making young people aware of responsible borrowing and the dangers of using illegal money lenders.
8. The Consumer Council would welcome KPIs that focus on young people in Northern Ireland. The stated KPI in the document aims to achieve an increase of those young people receiving financial education from 52% to 60% by March 2023, and 75% by 2025. Given the population of England compared to Northern Ireland, MaPS could achieve its goal in England, and thus the UK KPI, without any material impact for Northern Ireland consumers.

#### Working Age People

9. The Consumer Council welcomes KPIs that seek to increase the number of people saving regularly and a decrease in those relying on credit for everyday essentials. The financial markets in Northern Ireland are different to those in the UK. Our own research would indicate that approximately 60% of Northern Ireland consumers primarily use one of the four local banks<sup>2</sup> as their main bank provider. According to the FCA, we rely on cash more, with 30% of

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<sup>2</sup> Danske Bank, Ulster Bank, Allied Irish Bank, and Bank of Ireland.

consumers visiting cash machines several times a week compared to the UK average of 11%. MaPS data indicates that we are the highest region reporting savings and investments of less than £100, and the highest region (with Wales) of rarely or never saving. Therefore, whilst we welcome the work MaPS is doing in relation to the financial services landscape review (page 40), it is noted that none of the aforementioned local banks are listed in the table.

10. MaPS data does suggest Northern Ireland is the least likely region to use credit to buy food or pay bills due to a shortage of money, however this is at odds with every other indicator in the table on page 66. It is these types of anomalies which reinforce the need for region specific data and KPIs. If Northern Ireland consumers are the least financially confident and the least resilient to a change in circumstances, more specific data is needed to better understand how to achieve the proposed KPIs for this life stage.

#### Working Age People in Financial Difficulty

11. The Consumer Council noted at the Belfast event that during the workshop discussions it was highlighted that this area is now funded by The Department for Communities (DfC). It was therefore unclear how this life stage will be addressed by MaPS within Northern Ireland, making it difficult to comment on how applicable the KPIs will be. The Consumer Council would welcome further information on this issue.

#### Pensions and Planning for Retirement

12. The table on page 66 lists four specific indicators which relate to planning ahead and about understanding pensions. Northern Ireland is the worst performing region for all four indicators. The document states that 22 million people do not know enough to plan for their retirement. The proposed KPI is two million more working age adults saying they understand enough to make informed decisions about their retirement. As stated above, unless there are region specific KPIs, the UK targets could be achieved in England, given the population figures, with no positive impact being experienced in the regions.

#### People in Retirement

13. The document states that key outcomes for this area are still to be delivered. Therefore, The Consumer Council restates its position that the specific needs of Northern Ireland consumers should be considered within this process, with specific KPIs for the region.
14. Thank you for this opportunity to respond to this consultation. The Consumer Council consents to this response being reproduced by MaPS.

**Consumer Council Contact: Scott Kennerley**  
**Email: [scott.kennerley@consumercouncil.org.uk](mailto:scott.kennerley@consumercouncil.org.uk)**  
**Telephone: 02890251600**

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