Foundation Research 2013

Jigsaw Research – Debrief of Findings

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JGSW research

Background and objectives

The research focusses on a potential 'target group' – key consumers who have been identified as *needing help to achieve certain financial outcomes.*

The groups were based on 8 Experian FSS segments who are *not budgeting, saving regularly, saving for the future, managing their debt well, or protecting their possessions and family.*

The Foundation Research was designed to:

- Understand the motivations and barriers to 'achieving' key consumer outcomes
- Get an understand of key consumers (based on Experian FSS) and 'bring them to life'
- Embed these key consumers in the service and to ensure it meets their needs
- Understand how MAS can learn from the consumers currently using the service

Sample breakdown – (Fieldwork conducted March 2013)

FSS Segment	Focus groups	Location	Depth interviews	Location
Canny Owners	1 x poor provision* 1 x some provision	Sutton Coldfield Oldham	3 x in-home	Bristol, London & Sunbury
Modest Mortgages	1 x poor provision 1 x some provision	Stockport Sutton Coldfield	3 x in-home	Staines, Bridgend & London
Extended Outlay	1 x poor provision 1 x some provision	Bridgend London	3 x in-home	Bristol, Newcastle & Southampton
High Demands	1 x poor provision 1 x some provision	Sunbury Bridgend	3 x in-home	Oldham, London & Southampton
Squeezed Families	1 x poor provision 1 x some provision	Bristol Newcastle	3 x in-home	London, Stockport & Southampton
Overworked resources	1 x poor provision 1 x some provision	Newcastle Sunbury	3 x in-home	Sutton Coldfield, Bridgend & Nottingham
Entry level workers	1 x poor provision 1 x some provision	London Stockport	3 x in-home	Newcastle, Nottingham & Oldham
First Foundations	1 x poor provision 1 x some provision	Oldham Bristol	3 x in-home	Sutton Coldfield, Stockport & Nottingham
	*Against key outcomes	Existing MAS customers	10 x target segments 10 x out of target segments	London, Leeds, Manchester, Cardiff and Birmingham

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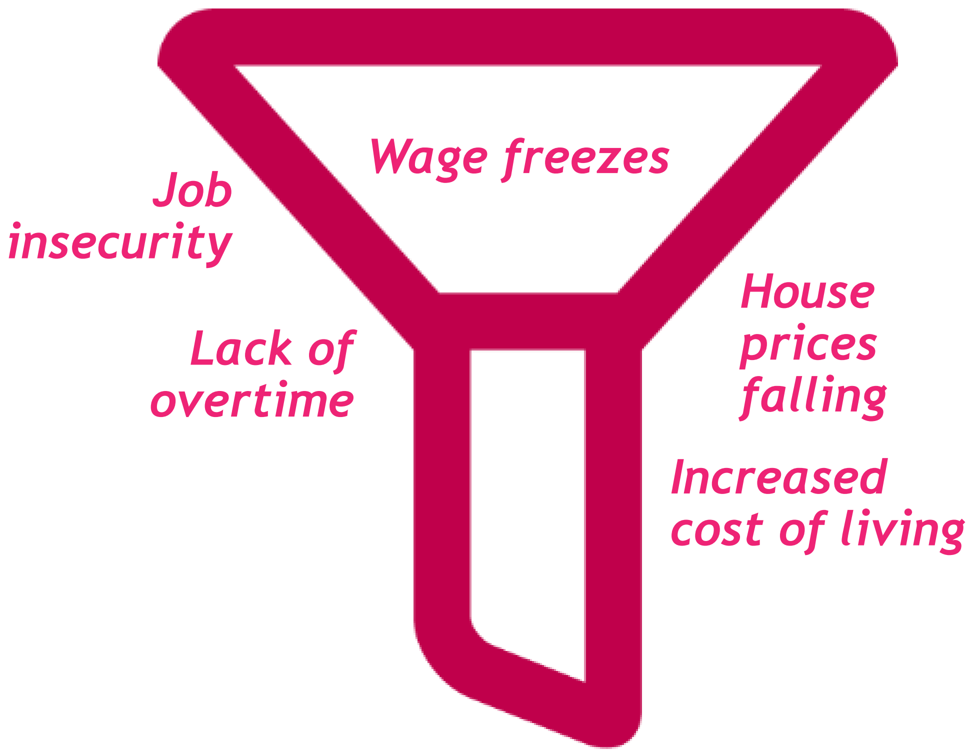
The current economic climate exacerbates a focus on day to day survival over longer term planning



Pre 2008 life was not a bed of roses, but the recession has being going on for some years and concerns are real

For this market there is less and less headroom in their finances

And those with children don't want them to feel the squeeze

Approaching this market will need to acknowledge that things are tough, and use it as a reason to focus minds on money

Increases tunnel vision on day to day survival

Mindset even more closed to financial planning – This context justifies the focus on short term even more

Implication: The approach needs to acknowledge the tough climate to avoid coming across as naïve. Current climate could also be leveraged to 'sharpen' money management

Negative associations dominate

Implication: Leveraging these can prompt action but must be careful to avoid triggering disengagement & 'head in the sand' responses - Some don't want to look in the mirror

However there are some positive emotions around money

Implication: Moderating the 'spending' ones, and building on the more responsible associations may help foster, and reward, the right behaviours

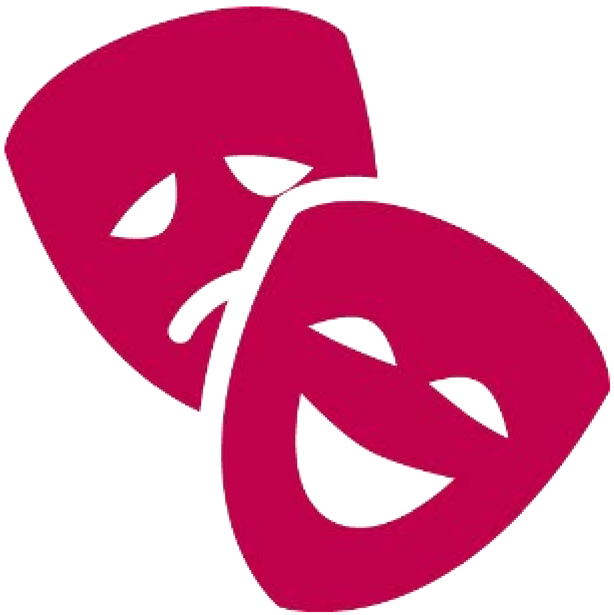
Responsibility, and being ‘good’ or ‘bad’ with money is very subjective and relative

Defining ‘good & bad’ behaviour is subjective and relative…

- Some people admitted their own frailty with money
- Couples often had one member who became the ‘home economist’ and managed the budget
- But all bar the most indebted can feel they are being responsible with their money
- If they are not struggling with debt & covering costs, including using credit, this may be regarded as ‘good’
- Many have a sense of pride and achievement simply surviving the short term and keeping their head above water
- Older people may not be saving much now but when they compare how they used to spend money when they were younger they feel much more ‘responsible’

Implication: Being too stringent and judgemental about where to set the standard could alienate this market

But people can also be very adept at rationalising their behaviour



But people also have capacity for self justification & deception…

- People can use a number of financial 'fig leaves' to make them feel better about their financial behaviour
- They can use the current climate to justify inaction
- Making small cuts or just keeping an eye can justify bigger spends elsewhere
- Being austere in one area can permit binging in another
- Tightening belts deserves a reward
- People can very often rationalise why they purchase or spend – including deceiving themselves
- This leads to real confusion, a mental mash up of crude rationalisations and self serving stances

Implication: **There is still a need to appropriately challenge behaviour and cut through these barriers**

However being overtly judgemental and confrontational can prompt disengagement and rejection

*

Being judgemental and confrontational can prompt disengagement & rejection

- Already a reluctance to engage with financial challenges – don't want to look in the mirror
- Don't want to be told that they are being bad with money when may consider themselves 'good'
- Don't want to be told to do without things they may consider 'essential' to living
- Such a confrontational approach will force a defensive stance and rejection of advice/help

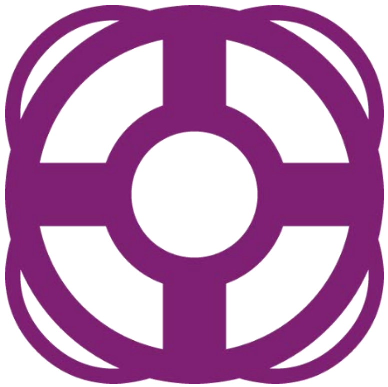
Engaging with the issues indirectly may be more effective…

- People need to be able to 'join the dots up themselves' and reach the same conclusions their own way
- Inviting people, and allowing them the time and space, to share their thoughts may be more effective
- This may require a process and experience that facilitates listening and sharing experiences

*Recent Housing Association press ad that was withdrawn

Implication: This indicates that a customer experience that facilitates the customer reaching the right conclusions themselves may be appropriate

The main financial focus is orientated towards surviving (and also enjoying) the present



Surviving the present

Financial priorities are always expressed in the here and now

Paying bills, roof over head, and food on the table dominate thinking

Some just trying to keep the ‘wolf from the door’/’head above water’

Just doing this is a real achievement

Enjoying the present

Life can’t be all ‘doom and gloom’

There has to be some relief and distraction to make things more bearable

What many may see as ‘non essentials’ can be seen as a necessity

The ‘pressures’ of consumerism and live for today experiences are powerful

Implication: The approach needs to speak in the present tense (even when broaching ‘the future’) and acknowledge that some level of enjoying life needs to be accommodated

Credit is a double edged sword, it can be a carefully used as a necessary tool, but it can easily be misused

Using credit carefully…

Use credit as a necessary part of managing finances & budgeting

There to cover when things go wrong

Can be a life line during challenging times e.g. very young kids

Also used to pay for holidays

Can sometimes be used to make up the month

But generally paid back and off on time and spending kept within boundaries

Using credit carelessly…

Used to fund lifestyle & meet ‘pressures’ of consumerism

Often younger respondents, sometimes early family

Can be initially ‘justified’ for necessities

But then greatly extended to pay for wants and desires

Get into using multiple sources and making minimum payments

Some usage of pay day loans but getting ‘mainstream’ has been easy

Implication: Credit is a necessary tool but can easily turn into a slippery slope, with initial justifications being the thin end of the wedge. Handle with care is the message

Debt can creep up on people, in small steps

Debt creep…

People more easily justify small bits of expenditure

Gradually these add up

The gradual build up can mean people are slowly desensitised to the debt

Until they realise they are in 'boiling water' and prevention is too late

Realisation can take a long time, only when they start being chased by creditors

Implication: People can take a long time to recognise that their debt is getting out of hand

The valley of debt is a common journey & many learn the hard way. Consumer credit is a real area of vulnerability

Everyone talked about easy credit

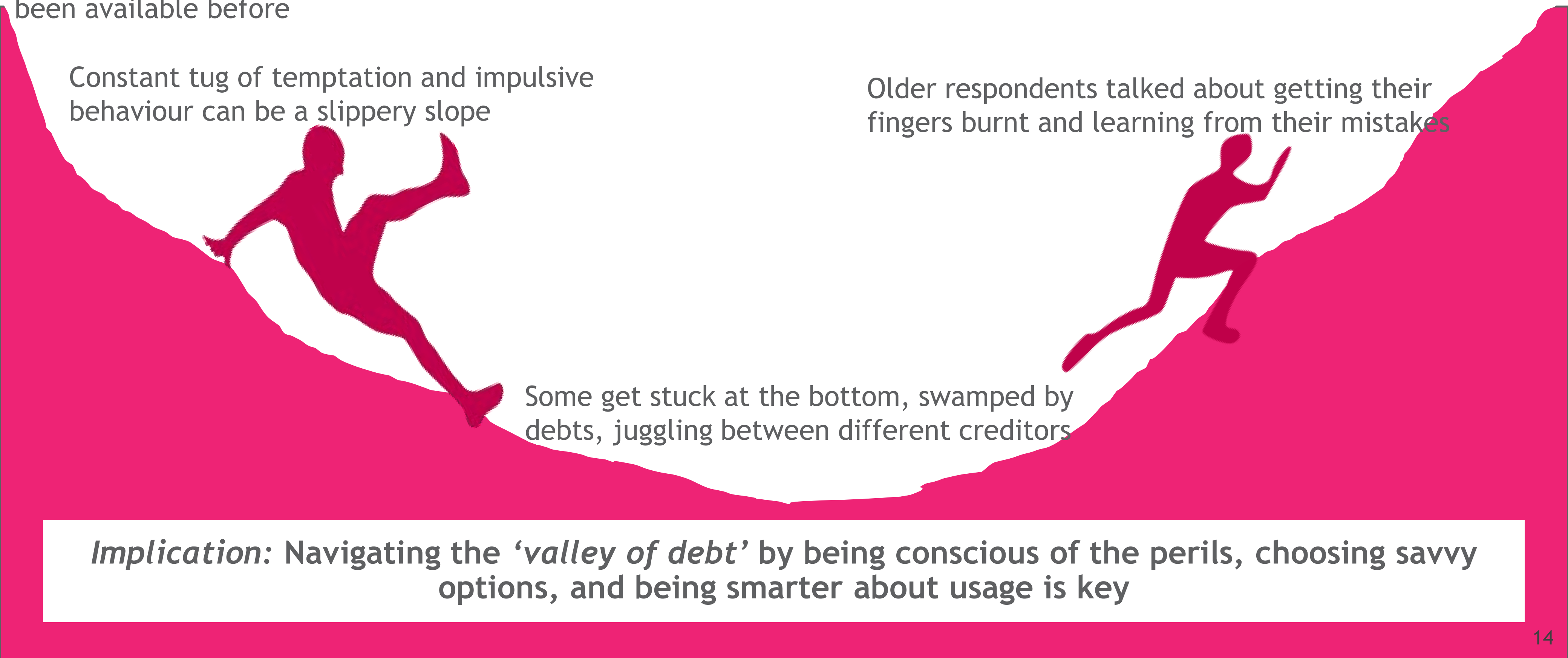
It brings things into reach that have not been available before

Constant tug of temptation and impulsive behaviour can be a slippery slope

Some get stuck at the bottom, swamped by debts, juggling between different creditors

Older respondents talked about getting their fingers burnt and learning from their mistakes

Some have refused to use credit cards/loans again, others now use them more wisely



***Implication*:** **Navigating the *'valley of debt'* by being conscious of the perils, choosing savvy options, and being smarter about usage is key**

For those with more significant debt, everything else can come last

For some juggling debt has become a way of life, moving funds between one card and another, making minimum payment

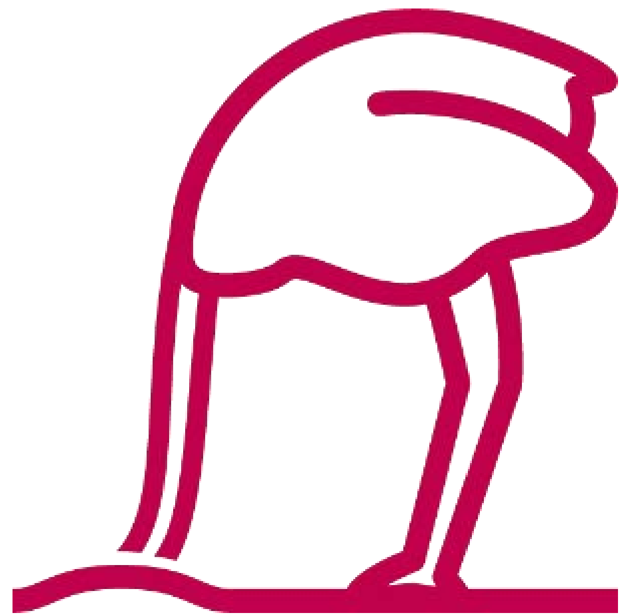
Many fall foul of the thin end of the wedge, it starts off small and justified, but then drifts into funding 'nice things and treats'

Denial, shame, pride and resignation can mean it takes a long time for them to admit they have a problem that needs outside help

And many, bar seasoned debtors, are unaware of how they can manage creditors and of alternative credit options

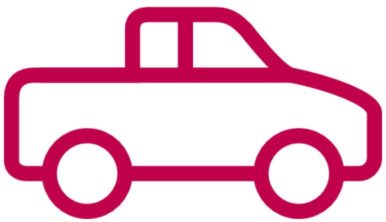
However lots of people who had their fingers burnt talked about learning their lesson and never going back

And those that ended a crisis and moved forward described a huge sense of relief and reward



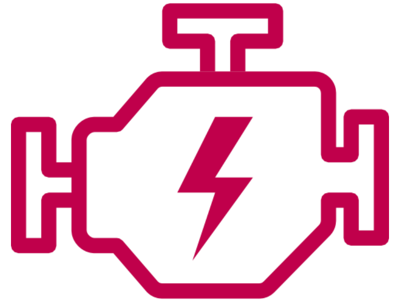
Implication: For those with significant unsecured debt and a sense of crisis, this had to be resolved first before other outcomes could be considered

Cars featured prominently in financial thinking



Livelihood…

- Many are manual workers/self employed
- Car/van absolutely key to job
- If goes wrong/doesn't work then they don't earn money
- Working vans also means fuel is a big area of spend



Budgeting challenge…

- Car often cited as an area of unexpected outlay
- Servicing, repair and MOT often used as stock example of something that knocks budgeting off course
- Car insurance can be costly due to nature of car and area (particularly in NI where premiums are 11% higher than the rest of the UK)
- Drives 'perverse' choices – can't afford service & repairs so have to buy new each time

A prized possession…

- Can be a prized possession – a status symbol you 'can afford'
- Your home may not be much but your car can be
- Some saying if they had savings they would buy a new car
- Desire to have 'something to show for it' despite depreciation
- Can be a motivator to save

Implication: Cars (and vans) may warrant a specific focus as a topic. Understanding smarter/savvy ways to buy, encouraging saving for one, and budgeting for maintenance. Finance tends to be taken with the car showroom (if eligible) for reasons of convenience; there is little evidence of shopping around for competitive car loans

Holidays could be as far forward as people wanted to plan

Holidays were precious and integral to living…

Many felt a strong compulsion to experience

For younger respondents a key driver of borrowing that is hard to resist

For older respondents letting down the family if they don't go on holiday

Sense of deserving a holiday as reward for hard work and tough life

Not going on holiday a barometer of financial health

Mixture of ways of paying, a few saved, but many used credit and younger ones can put off paying it off

Implication: People were naturally reluctant do without holidays and ignore it as a financial priority, but it could be leveraged a powerful savings goal

However a future focus is also evident, primarily around owning a home and bringing up the children

People didn’t really think in terms of ‘the future’, it wasn’t a natural part of their outlook/vocabulary

However they often described in their present priorities as ‘keeping a roof over your head’, ‘looking after the kids’

Buying a home and paying off the mortgage and bringing up the kids defined people’s longer term horizons

Implication: Home ownership and a better future for their children are two very powerful long term goals that drive positive financial behaviours from these segments

Home ownership was a powerful motivator for positive financial behaviour

The significance of home ownership…

Aspiration for many younger respondents

Younger respondents motivated to save for the deposit

Older respondents determined to maintain roof over head

Will fight tooth and nail to keep it

Long term goal of paying off the mortgage

Desire to leave something to their kids

But - some use ‘safety net in old age’ to justify why have no pension

Implication: Framing financial planning in terms of encouraging and enabling home ownership may have significant leverage with this market

Although a real financial challenge, children are also a primary driver of greater financial responsibility

Kids can be a negative influence on financial behaviour…

Practical costs of care

Strong desire not to make them feel poor

Powerful compulsion to treat them

But also a positive influence…

But they are also a powerful driver of responsibility

Planning/having kids could trigger a fresh and more ‘mature’ stance towards finances

Many had started saving because and for the kids

Many advised their kids to be careful with money

Strong desire to leave the kids a legacy (home)

Implication: **Framing financial planning in terms of the children may have significant leverage, but they also represent an area of financial vulnerability**

Contents

The target group does not always define their financial priorities in terms of the MAS outcomes

Dominant consumer priorities (short term budgeting)

- Mortgage/rent
- Council tax
- Utilities bills
- Car insurance
- Loans/debt
- Food
- Kids

On prompting with MAS outcomes

- Debt – often comes first
- Life insurance, regular saving, Contents insurance – in no particular order
- Saving for the future – can come last or not feature at all

MAS outcomes/priorities

- ✓ Making regular savings
- ✓ Saving for the future (including making regular contribution to a pension)
- ✓ Protecting your family(life assurance)
- ✓ Protecting your possessions(home contents insurance)
- ✓ Managing debt and borrowing responsibly (including missing more than one payment on an existing credit agreement)
- ✓ Budgeting/managing your money

Implication: MAS should consider reframing some of the outcomes in terms and language that are more relevant and meaningful for the target market

Their priorities are essentially the components of household budgeting, reflecting their immediate focus

Their goal is to get to month end without having to borrow/use credit excessively

- If this is achieved, it is a source of pride that their financial goal has been met

To help them achieve this goal, they utilise many money-saving tips

- Some of which are a source of pride (although not always entirely legal!)
- Can be about being smart, street wise and savvy in spending

Use loyalty cards

Recycle unwanted presents

Get married on a weekday

Shop around for offers (clothes, food, insurance)

Save £2 coins in a jar

Have a savings passbook online

Go to reduced aisle first

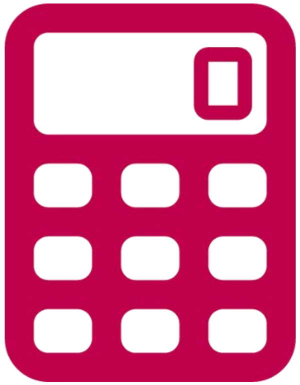
Put small amounts of money away each week for Xmas/birthdays

Cancel direct debit & blame it on bank

Leave the label on clothing to return after wearing

Implication: **People *have to* budget on some level otherwise they wouldn't survive. To many budgeting and managing money meant this kind of approach - getting a good deal**

Budgeting and money management – are vulnerable to being ‘tripped up’ by ‘unexpected’ outlays



Many examples of conscious budgeters

Some could simply struggle with basic budgeting, can rely on money numerate/budget conscious partner

Many felt more competent with money in their own way

Kept careful track of incomings and outgoings

Regularly and frequently checked banking – online

See themselves as good with money

Cost conscious and think twice about spending

But many struggled with the ‘unexpected’

Can be okay with regular fixed costs

But struggle keeping track of unfixed costs

Also challenged by ‘unexpected’ outlays – see themselves as ‘victims’ of events

But unexpected outlays often the same each time – car service, school related, white goods

Few have any buffer or fund to cover the costs – rely on credit

Implication: **Getting organised at this level precedes many of the other outcomes. Helping to anticipate and prepare for the ‘unexpected’ and ‘irregular’ costs is key**

Debt is the norm and many have had their fingers burnt. It is a real trap for some, who get stuck in ‘fire fighting’ mode

Credit can be a real help

Using credit was a necessary part of life

Some used credit as their buffer

Or to pay for planned expenditure e.g. holidays

Many had had ‘fingers burnt’ and are credit ‘wary’

Others made sure they pay it off on time

But debt can turn into the dominant focus

Younger respondents could be care free about credit

Early usage becomes the thin end of the wedge

Can start off paying for necessities

But often extends to other areas

Others can be forced into credit by events

Young children, divorce, health, job loss

Implication: **Beyond prevention, those in crisis are unable to think about any other outcomes beyond getting out of their debt situation**

People were motivated to save when it was for a goal. In this way saving could be emotionally rewarding

Encouraging such goal based saving could be an effective way of improving provision (but can be relatively short term)

Deposit on a house	To buy a car
Saving for the kids	Xmas club

Some ‘rainy day’ savings but it often rains

Implication: Encouraging saving for a ‘buffer’ is more challenging but without it budgeting for the unexpected can be harder

Saving from a surplus (‘what is left over’) is very unreliable. ‘Automated’ saving as an ‘outgoing’ appears more successful

Irregular and unreliable saving…

Many claimed they would like to save but can’t afford to

Try to with whatever is left over at end of month

But more often than not any surplus is used up

Some still manage to put something away but very erratic

Regular and reliable saving…

Tended to be when it was ‘automated’ & ‘upstream’

Never had the money to miss it

Harder to disrupt the process

E.g. saving shares schemes at work or child benefit payment saved for the kids

Implication: **Reframing savings as an ‘automated’ outgoing that takes place at the beginning of the month could be an effective way of facilitating regular saving**

For many the idea of a pensioned retirement doesn't exist, the long term goal is paying off the mortgage

Those with provision for retirement…

Work based pensions were the most reliable

Some retail workers had just been auto enrolled

But many with private pensions had them frozen

Feel they cannot afford to be putting in

Many arguments were deployed to justify why saving for a pension isn't worthwhile

- Cannot afford to put money aside
- Relying on the state pension doesn't feel like too much of a step down – not frightening
- Pensions are seen as a poor investment
- Find them confusing, don't understand them
- Don't aspire to an 'imagined' retirement
- Will simply keep on working
- Retirement age will go up anyway
- Stopping work is 'bad for your health'
- Paying off the mortgage is the goal for old age
- Can use the house and downsize
- Young respondents see it as a drain
- Some expected inheritance but generally low

Implication: **Work based pensions appeared the most effective means of enrolling, but many private pensions had been frozen whilst others justified their rejection of the idea**

Marriage, children and home ownership all acted as natural triggers for obtaining life cover

Mortgage

Marriage

Kids

Work based

Obtaining life cover stemmed from these three trigger events

Frequently life cover was attached to the mortgage

But some also sold life cover when married/kids

Others had become aware of frailty through direct experience, and some obtained via work

Some resentment about having to have it

But most accepted need to insure in the case of death – seen as a low cost but high benefit product

Beyond this e.g. critical illness generally seen as too expensive

Implication: **Prompting obtaining life cover at these key points will help improve this outcome**

Contents insurance was common sense for most people, unless you felt you didn't have anything worth protecting

The few without insurance…

Tended to be renting unfurnished

Tended to be younger

Feeling that don't have anything worth insuring

But may cover key items e.g. mobile

Higher cost for some in 'bad' areas

The many with insurance…

Many had contents insurance

Common sense

Own home/built up possessions

But may have inadequate cover and primarily think in terms of being stolen rather than damaged

Implication: **Very few resisted the idea of contents insurance. Encouraging people to review their cover may also be a valuable way of improving this outcome**

Contents

The target group is defined by 8 Experian segments

- Entry Level Workers
- Overworked resources
- Canny Owners
- Modest Mortgages
- First Foundations
- Extended Outlay
- High Demands
- Squeezed families

***Implication:* The segments appeared to 'work' as segments and hang together as coherent groups**

Some of the segments were very clear and distinct (although even some of these had their own sub groups)

Entry level workers	The least affluent in terms of income and primarily workers, they are one of the least secure groups in terms of home ownership. Vulnerability to debt to fuel their independent lifestyle could derail them permanently from home ownership and move them closer to High Demands as they enter the family lifestage.
First Foundations	A diverse segment that reflect entry level workers to a certain extent (pre-home ownership and pre-family) and the younger family segments. The home-owning graduate First Foundations will almost certainly leave these target segments as their income rise, so long as they control their debt in the early stages and make provision for family life
High demands	As renters, this group are the least affluent and the least secure, but with children in the household and high levels of debt, they have high outgoings relative to what comes into the household. Constantly fire-fighting this group would benefit from stablisation.

Implication: **However distinguishing many of the family based segments could be more difficult as many of them started to blur together**

4 key life stages are relevant and they can be fitted into 3 ‘super segments’

Super segment	Pre family		Young families	Older families
Life stage flow	Young and single getting started	Couples settling down	Young families getting established	Older families getting secure
Life stage priorities	▪ First independent living ▪ Living away from home - first responsibilities ▪ Enjoying new freedom	▪ Starting long term relationship ▪ Getting married, maybe starting family ▪ Looking to buy home	▪ Bringing up young children ▪ Owning a home	▪ Paying off mortgage ▪ Helping adult children become independent

Implication: **The research suggests that targeting and approach should be configured around these super segments and be sensitised to the needs of each life stage**

JGSW research

The 8 Experian segments can be distributed across this structure

Super segment	Pre family		Young families	Older families
Life stage flow	Young and single getting started	Couples settling down	Young families getting established	Older families getting secure
Life stage priorities	▪ F[illegible] li[illegible] ▪ Living away from home - first responsi[illegible] ▪ Enjoying new freedom	▪ Starting long term relationship ▪ Getting married ▪ [illegible]ily	▪ [illegible] ▪ Owning a home	▪ [illegible]ge ▪ [illegible]dren become independent

Entry level workers

First foundations

Squeezed families

Extended outlay

High Demands

Modest mortgages

Canny Owners

Overworked resources

Implication: **The approach needs to be conscious that pre family is where a significant transition may take place with young people moving towards more settled lives**

Each life stage comes with its own risks and opportunities that can be addressed by MAS

Super segment	Pre family		Young families	Older families
Life stage flow	**Young and single getting started**	**Couples settling down**	**Young families getting established**	**Older families getting secure**
Life stage priorities	▪ First independent living ▪ Living away from home - first responsibilities ▪ Enjoying new freedom	▪ Starting long term relationship ▪ Getting married, starting family ▪ Looking to buy home	▪ Bringing up family ▪ Owning a home	▪ Paying off mortgage ▪ Helping adult children become independent
Money risks	▪ Leads to misuse of credit and a move further away from property aspirations ▪ Can end up heavily indebted	▪ Habits of younger years may persist increasing debt as establish relationships	▪ Maybe down to one income with younger children ▪ Big increase in costs and outgoings	▪ Relative stability may drive complacency ▪ Adult children may be at home longer than expected as they struggle to find work
Opportunities	▪ Helping manage independent living ▪ Saving as a guilt free means of enjoying freedom & working towards house ▪ Raising awareness of dangers of misusing credit	▪ Leveraging/enabling aspiration of home buying ▪ Using plans/event of marriage/kids to foster responsibility ▪ May also think about Life insurance ▪ Continue to b e careful about credit	▪ Leverage presence of children to encourage saving (for children at least) ▪ Sustaining home as key motivator ▪ Leverage life insurance around dependents ▪ Awareness of vulnerability around credit	▪ Leverage children leaving home/ becoming independent to turn focus to the future ▪ Unsure what best option is for taking advantage of relative affluence

Contents

Most respondents have learnt about money the hard way, learning from their own errors or the mistakes of others

Experience is the main teacher with money

Many older respondents referred back to learning from pervious ‘careless’ behaviour

Some had learnt from their parents mistakes and were adamant that they would not repeat them

Other younger respondents had yet to learn but were clearly on the brink of doing so through mounting debt

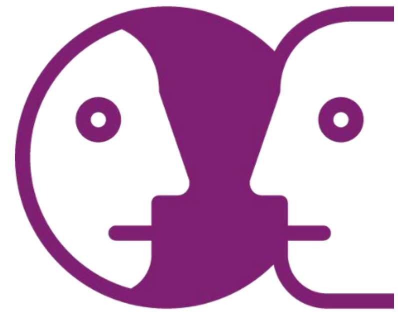
But such experiences had changed behaviour for many

As a result people became more careful with money, cautious of spending and wary of credit

Implication: **Using these life experiences could help others understand the implications of their behaviour and decisions, in a way that feels human, real and relevant**

There are some important barriers to seeking help and support which underpin inertia

- Shame
- Pride
- Denial
- Resignation
- Ignorance

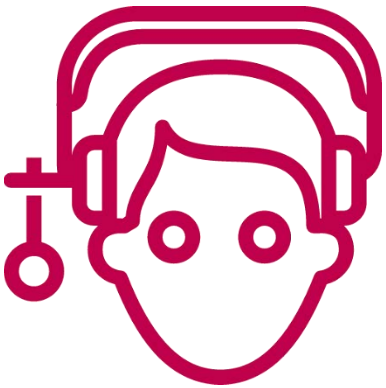


Many don't want to look in the mirror…

- Don't need to be told they have too much debt
- Reluctant to face full truth
- They need to say it themselves rather than be told
- Still prone to self deception/justification

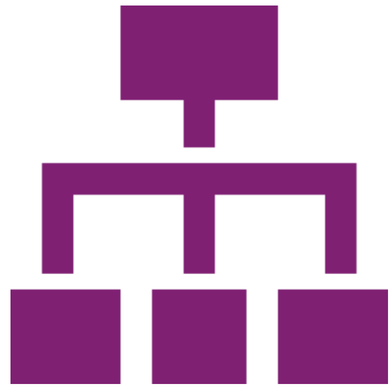
Implication: **These barriers can undermine people taking a more proactive approach to finances**

Seeking help is seen as relevant when in crisis, taking out a product, or a rare 'windfall'



In a crisis…

- Struggling with debt
- Reactive to crisis
- Can take a long time before seek help
- Denial, pride, shame drive procrastination
- Too late for prevention
- Cleaning up the mess



Getting a product…

- Usually a mortgage
- Mortgage can also include wider advice on insurance and life cover

What to do with a lump sum…

- Many think you only seek advice when you have money
- Relatively rare need for this market
- But some older more affluent groups can be unsure what to do
- Need help choosing best option

Implication: **There does not appear to be a culture of seeking 'advice' amongst the target group about improving financial behaviour. This represents a real challenge for MAS**

The challenge is reaching a market is not inclined to be seek help and support to improve their outcomes

Cannot expect market to ask for help…

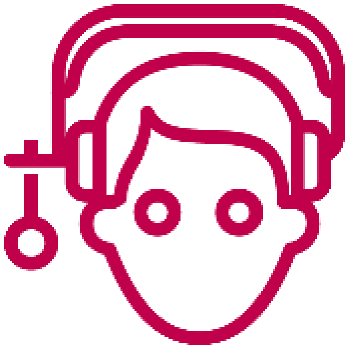
- Many would only consider an organisation like MAS if in a crisis
- This could be reinforced by what people recalled from the adverts
- People generally were not inclined to seek wider 'improvement advice'
- Online was only first port of call for more affluent existing customers with specific queries

MAS needs to go out to the market…

- Many respondents appear to have accepted provision when the option had 'presented itself' to them in their lives, particularly the workplace
  - Pensions had been acquired through the workplace
    - Some early evidence of auto enrolment in retail sector
  - Others enrolled in share savings schemes via work
  - Other products acquired through home owning process

Implication: **It is questionable whether the market will 'go to' MAS. Positioning MAS in the right place at the right time will be key to influencing behaviour and outcomes**

In terms of existing customers there were some typical uses of MAS

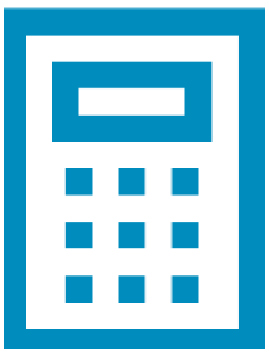


In a crisis…

- Struggling with debt
- Too late for prevention
- Cleaning up the mess
- Referred via CAB
- MAS relationship initiated by F2F

Very specific query…

- E.g. rules about cash back
- Could be more affluent customers
- Greater tendency to start with online/telephone



Budgeting on benefits…

- Trying to manage on a tight budget
- Referred through job centre or Work Programme
- MAS relationship initiated by F2F

Worried about their finances…

- Not in crisis mode but have hit hard times
- Sense of uneasiness & anxiety about their finances
- Want to get a grip & move forward
- Mix of channels used, some able to 'self serve' via online

Implication: **The very specific queries need seems most removed from the target group. These may be more affluent customers who can use other options, especially online**

For those budgeting on welfare or anxious about their finances MAS had transformed their lives

MAS had helped certain respondents transform their lives and move forward - without an increase in income). These respondents were from the target segments

Before

- Worried above financial situation
- Don't know what the best thing to do is
- Frustrated by what they can spend
- Can't see how they can save
- Struggling to budget

After

- Feel in control & have turned around
- Able to positively influence their finances
- Financial behaviour emotionally rewarding as well as having peace of mind
- Able to enjoy their money and improve their lifestyle

Implication: **The emotional rewards were clearly evident. They felt empowered and in control. Those in crisis were relieved but more muted- they still had to pay their debts**

Existing customers emphasised that their lives have been transformed by MAS

These respondents were from the target segments

I was given an action plan which I have almost seen through. This has helped me massively to focus on the work I have to do to get myself above water again.

I religiously use my budgeting sheet each month and often visit the site for further information on certain things.

I have made lots of changes. I have an account now of which I save each month for things like car maintenance, bills that I need paying later in the year. I have an ISA account into which I now save each month, which I cannot touch, this is my 'fall back'.

I have begun to budget in a more realistic and honest fashion. The advice I received has contributed to a more mature approach to taking stock of my finances, which hopefully will benefit in the long run.

For me recognising that my budget is considerably lower than it has been over the last 10 years and the absolute need to budget and the risk of getting into debt if I don't. I cannot take money for granted anymore

Implication: **These existing customers were very positive about the impact MAS had made. It had transformed how they manage their money and changed their behaviour**

The face to face channel played a key role in starting the transformation

Face to face channel played a key role in initiating the transformation…

- Critical entry point for customers
- Many would not be able to self serve online at this point
- Seen as very good experience
- Able to tell their story and share their concerns – listened to
- Skills of MAS person highly praised
- Empathetic, non judgmental, not patronising, and very helpful

But online providing support for on-going behaviour…

- Online was used after F2F as an effective support to on-going money management and budgeting
- F2F used to orientate and guide them through web channel
- Customers were using the budgeting tools to keep on top of their finances
- There was little need to have more F2F engagement following initiation

Implication: **F2F (but also phone) was a critical channel for initiating a relationship with MAS, with online playing a key role in supporting on-going engagement & behaviour**

Non customers did use online banking but could be neutral about MAS online

Target group are using online banking…

- Lots of examples of using online banking to check account and keep track
- But very transactional – online banking, Martin Lewis to get the good deals…
- However for eliciting and understanding their broader financial needs, face to face and telephone felt more appropriate
- Don't know what questions to ask, just need to tell story/talk about issues
- Existing customer journeys also highlight importance of F2F initially

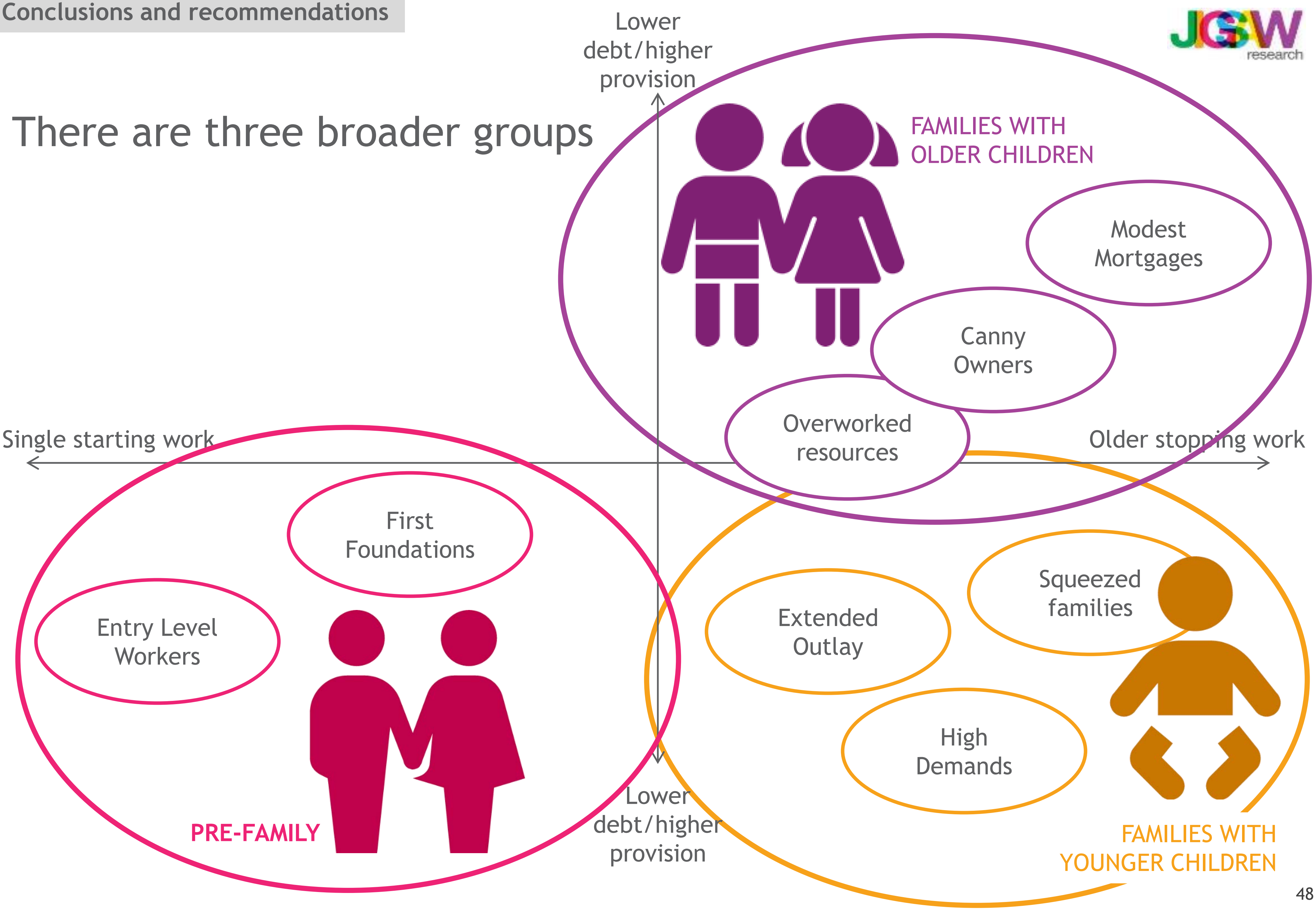
And they could be neutral about MAS online in the research…

- Sample of what could be done online was shared in interviews (on paper only)
- Some interest in features like budget tool and money stretcher
- Some interest in event based offers e.g. redundancy
- But also some push back – don't need to be told they are in debt

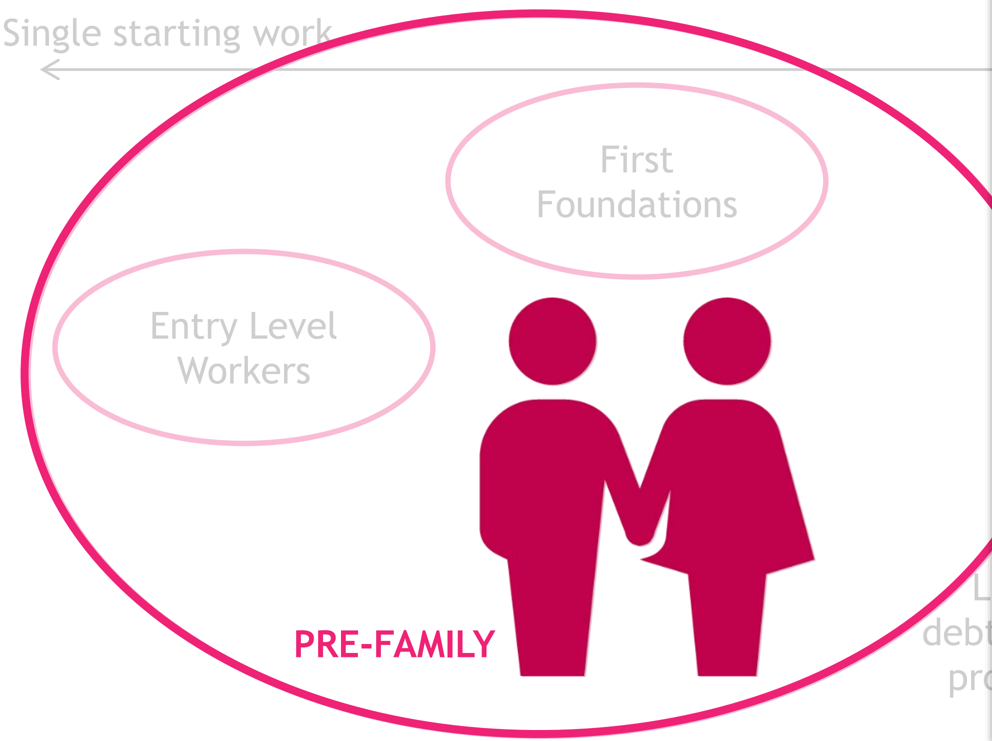
Implication: **Again this highlights the importance of an initial 'conversation' to initiate the relationship with online being used to sustain on-going behaviour**

Contents

There are three broader groups



Pre-family – Instilling good practise for life including usage of credit/establishment of savings habit



Key group to target as early as possible to instill positive behaviour

Encouraging/helping them to *budget/manage their money* during first experiences of independence

Encouraging *careful management/usage of credit* amassed at this life-stage

Leveraging the desire for freedom/ independence and aspirations of home ownership to *encourage saving*

Home ownership is a driver of positive behaviour and the absence of such could move these young adults to the 'High Demand' segment later in life

Using event of marriage/kids to foster responsibility (*protection insurance, longer-term focus of children*)

Young family – helping to manage debt whilst encouraging saving (for children at least) and protecting incomes

This lifestage may involve managing the 'mistakes' of the past at a time of high pressure on the household income - *this fear may cause paralysis*

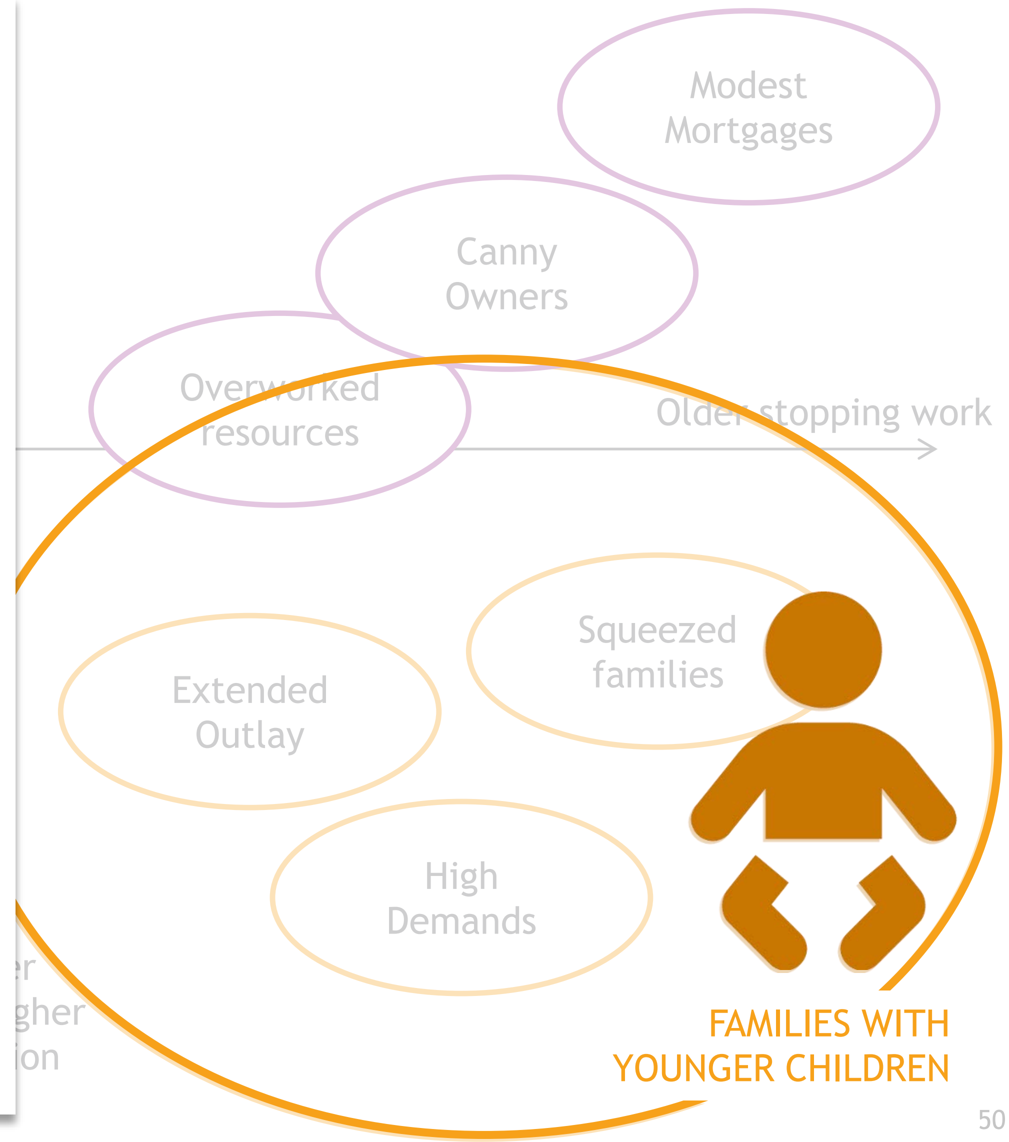
Encouraging/helping to *budget/manage their money* at a time when households are often down to one income while costs and outgoings increase

Debt amassed at earlier life-stage often hampers this lifestage so encourage *careful/smartest management/use of credit* and admitting there is a problem if it is spiralling out of control, plus *building a buffer* to cope with the unexpected

Encouraging households to *protect the sole household income* during this lifestage by leveraging the desire to sustain the home

Leverage the presence of children to *encourage saving* (for children at least)

Encouraging this lifestage to join workplace pensions schemes (auto-enrolment will ensure all will have access to one) to *save for the future*



Older families – encouraging a focus on the future as children begin to leave the household/become more independent

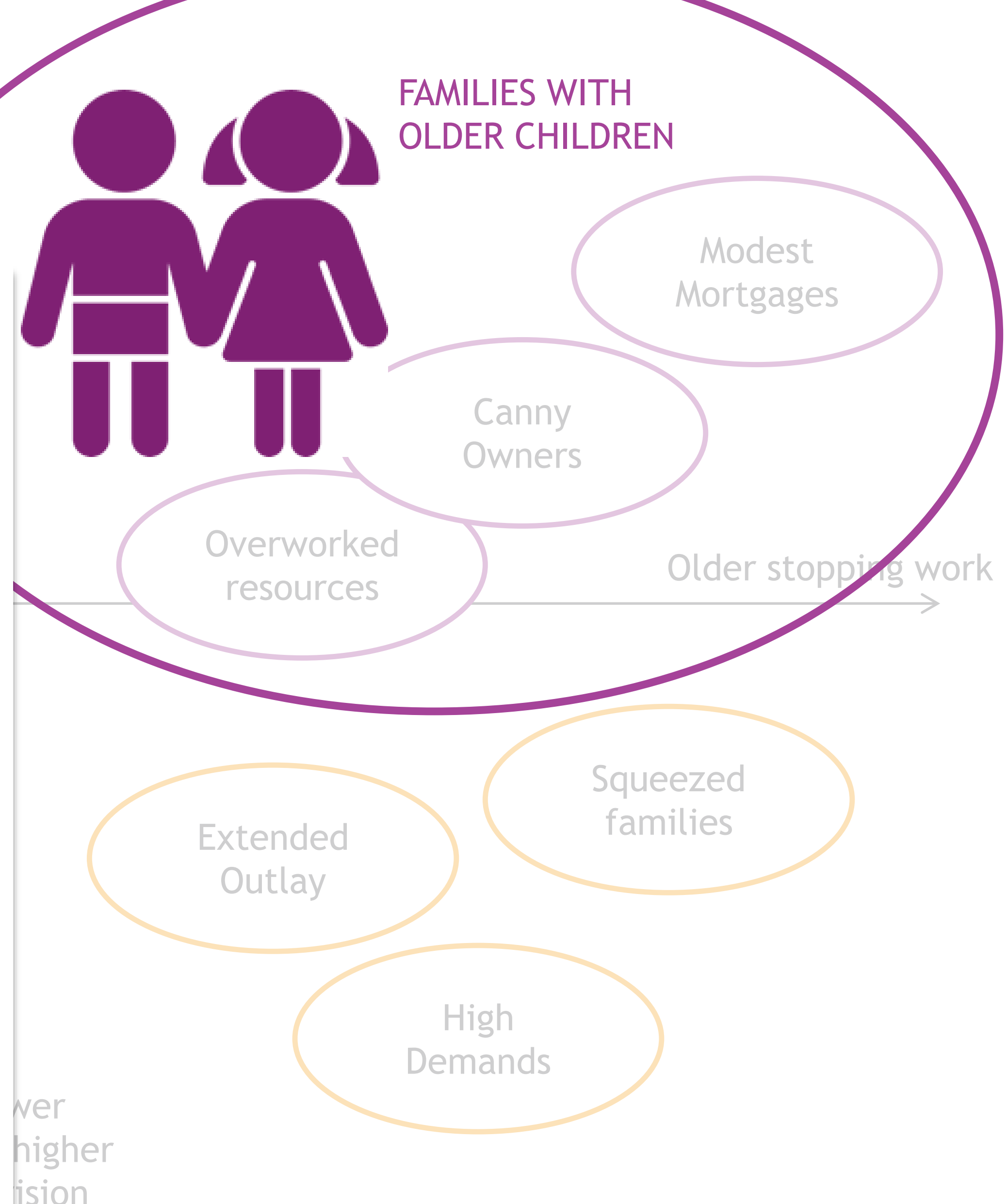
Relative stability may drive complacency at this stage - with the situation better than it was, there's a danger that 'this is as good as it gets' attitude leads to stagnation

Encouraging/helping to *budget/manage their money* when adult children are remaining at home longer than expected as they struggle to secure employment

Encouraging the best use of any surplus income once children have begun to leave the home through *regular savings*

Leverage children leaving home/ becoming independent to turn *attention to the future* - positioning the home as a longer term focus (provision in retirement/legacy) may help to expand their focus

Debt is often under control at this lifestage, so encourage the continue *careful use/management of credit*



Proactive face-to-face and telephone contact critical for initial contact with these target segments

The Money Advice Service is seen by those who are aware of it (and by many once prompted) as reactive; ***MAS is there if you are in crisis***

This, coupled with a culture that does seek advice or help (until the point of crisis), means ***MAS will need to reach out to the target segments***; they are unlikely to 'find' MAS without referral

- They will not seek help/know where to go
- They do not know what questions to ask
- Some believe they are beyond help, whilst other that they 'do alright'
- They are unable to 'self-serve'

'Human' contact ensures the target audience will feel listened to, understood, empathised with, therefore ensuring they are more open to help/suggestions

Customer can then be migrated to the online channel to support their 'journey' (once useful tools/help are pointed out to them at the initial meeting/conversation)

Whilst MAS is impacting target segments at the point of crisis and at life events (when referred), the biggest opportunity is prevention/preparation to lessen the impact of life events and help ensure point of crisis is not reached

Point of Crisis

- MAS used at this stage via referral from CAB
- Opportunity: Little more than helping clean up the mess/stabilising the situation

Life Events

- MAS used at these stages via referral from job centre/work programme
- Opportunity: Help to ensure situation is temporary through support/help with benefits and planning

Prevention

- MAS rarely used by target segments at this stage, but can transform lives
- Opportunity: Setting target segments up to weather storms will help many when life events happen, preventing the crisis stage
- Workplace may be a fertile access point; it's often where the target segments come into contact with products for the first time (pensions, share-save schemes, life insurance)

Tips for approaching the market

Acknowledge the current tough climate, using this to help focus attention on finances

Use their language & approach them on their territory in their ‘time zone’, using a friendly, informal approach (requires a relationship of ‘equals’)

Use caution when defining responsibility & behavioural standards to avoid distancing MAS too far from the audience’s mind set & frame of reference

Challenge their behaviour; avoid judgemental confrontation & use collaboration to allow the respondent to arrive at the right conclusion(s) themselves

Acknowledge that the audience has a need to enjoy life, but emphasise that it is crucial to strike the appropriate balance to avoid the pitfalls of spending on credit

Credit is a necessary tool & all will enter the ‘valley of debt’. Helping the target segments through this by enabling them to make the smarter choices will be key

Cars & holidays feature prominently in financial thinking and a specific focus on these two topics should be considered (broader remit than just products required)

Leverage children & home ownership to encourage positive financial behaviour and engagement with ‘the future’ in a relevant & meaningful way

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