Consumer Workshops on Hamper Schemes and Savings Clubs
Prepared for HM Treasury by Opinion Leader

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1. Introduction

1.1 Background

The Economic Secretary to the Treasury, Ed Balls MP, has commissioned Brian Pomeroy, Chairman of the Financial Inclusion Taskforce, to undertake a review of commercially run hamper schemes and savings clubs to consider whether the savings needs of consumers of such products might be better met by mainstream financial providers. The terms of reference of this review and the data on which Brian Pomeroy is expected to report back are:

- Who (by socio-economic and demographic characteristics) are using hamper schemes, ‘savings’ clubs and similar vehicles
- Why individuals opt to use hamper schemes, ‘savings’ clubs and similar vehicles instead of mainstream financial services products
- In light of this, to consider whether the savings needs of this group of consumers might be better met by mainstream financial services providers; and if so, how
- The options for improving consumer awareness and financial capability for this group

As part of the review, HM Treasury commissioned Opinion Leader to carry out two half day workshops with consumers of these types of products to gain first hand evidence to support the review.

The specific objectives of these workshops were to provide evidence on;

- What product characteristics are attractive and unattractive to consumers
- What other forms of savings are utilised by these consumers for similar purposes
- And consumers’ views of more mainstream financial service providers

1.2 Approach

Our research involved two half day managed workshops with individuals who had participated in hamper schemes. These were held in London and Glasgow with 50 people attending in each location.

Fieldwork took place between 13th and 15th February 2007.

Participants for each workshop were recruited to the following specification:

- All participants had used hamper schemes at least twice in the last 4 years
- A range of different hamper scheme providers
- A range of income but weighted towards those who earn £20,000 or less
- A range of ages
- Including some ethnic minorities
People who had been directly affected by the Farepak collapse were limited to 10 per workshop (with the intention of ensuring a broader representation of viewpoints).

The format of the workshops comprised both table discussions and plenary sessions. In the table discussions, participants worked in groups of 10, each with a facilitator. Participants stayed in the same groups throughout the workshop, which allowed group dynamics to develop and flourish. Each groups brought together individuals from across the area and from different lifestyles and stages, ensuring that participants were exposed to a diverse range of views, behaviours and experiences.

Issues discussed followed an agreed agenda which is included in the appendix to this report. In brief, the workshop covered the following topics:

- Initial discussion about how people budget and save
- Detailed discussion about hamper schemes – why they are used, perceived pros and cons, including both rational and emotional elements
- Plenary feedback from tables on the pros and cons of hamper schemes
- Spontaneous identification of other ways of saving
- Plenary briefing from Brian Pomeroy and 3 mainstream savings products – savings accounts, Christmas savings accounts and retail Christmas savings cards
- Discussion of these 3 savings products and comparison of each with hamper schemes (using easy-read briefing papers – see appendix)
- Plenary feedback on pros and cons of mainstream savings products compared to hamper schemes

The term ‘hamper schemes’ was used in the workshops because that is the term most commonly used and understood by hamper users. This is the term that is used throughout this report.

As the deliberative workshops were a qualitative methodology, the results are not quantifiable and the size of the sample means that the findings cannot be definitive. General terms such as ‘some’, ‘many’ and ‘most’ are used to express general levels of consensus within the table and plenary discussions.
2. Executive summary

2.1 Who uses hamper schemes?
Whilst it is not possible to be definitive about the demographic profile of hamper scheme users from this research, as it was a small qualitative programme, there are indications that users:

- Are predominantly women
- Are not just financially excluded or those under-utilising mainstream financial products (some are also using direct debits, credit cards, savings accounts)
- Are not just those who find it difficult to manage money but also some who are very organised with their finances
- Include some people who have been using these schemes for a considerable time
- May have a younger demographic in London than Glasgow

2.2 Why are they using hamper schemes?
Importantly, most people appear not to use hamper schemes consciously to ‘save’. Rather, they have more of a retail mindset with respect to hamper use: contributions are regarded as down-payments for goods (or vouchers that can be redeemed for goods) that will be received at the end of the year.

The schemes are marketed at the local community level and people typically hear about them through friends and family, and letter box drops; this makes them seem accessible and part of people’s everyday lives and experiences.

Several also talked about being enticed by attractive advertising, and others of the persuasive efforts of local agents, many of whom were known to people using the hampers (e.g. friends or family).

Attractive product characteristics to consumers
Research identified a number of key characteristics of these schemes which make them attractive to consumers:

- **Helping people be disciplined with budgeting for Christmas**: The pre-payment element, with agents collecting from home, helps people be disciplined with their budgeting for Christmas throughout the year. Having to contribute only small amounts is perceived to be achievable. The lock-in element prevents temptation to redeem in advance and getting goods or vouchers ensures that the accrued amount goes on its intended purpose.
- **Providing peace of mind and an alternative to debt**: Schemes provide peace of mind because consumers know that they can provide for Christmas (although Farepak has challenged this somewhat – more on this later). Hamper schemes are seen as a way of avoiding accruing debts for Christmas spending that need to be repaid come January. Thus the lack of interest paid is not seen as a disadvantage as it is regarded as better than paying interest on borrowing for Christmas.
- **Providing a convenient door-to-door service**: The ‘coming to your door’ element, both with respect to agents collecting money, and delivery of goods/vouchers at the end of the year, is seen
as a key plus. With internet shopping, the delivery element is becoming less of a benefit, but the collection benefit is still unique.

- **Flexibility**: People use hamper schemes for food, alcohol and for children’s/family gifts. Use can be adapted as family circumstances change.

- **Intangible factors**: The other key benefit is the intangible ‘excitement value’ of seeing the goods in the glossy catalogues and having something to look forward to at the end of the year.

### Unattractive product characteristics to consumers

- **Risk to consumers (post-Farepak collapse)**: There is widespread awareness of the Farepak, but its direct impact appears to be variable. Some indicated that they will no longer use hamper schemes as a result, whilst others (more likely people with more entrenched hamper using behaviour) are continuing to use them despite this. There is very little awareness of the lack of FSA protection of these schemes but there is an expectation that government should protect consumers who use hamper schemes.

- **Poor value for money**: There is awareness that the goods contained in hampers could be purchased at more favourable rates. Value for money was also a theme for people who were critical of a lack of variety in the hampers, and of what they felt was misleading advertising which indicates more and better contents that people actually receive. A related issue was the possibility of waste which made people question whether it was worthwhile continuing with hampers.

- **Restrictions on redemptions**: With vouchers, there were some specific complaints about the limitations on shops that they can be redeemed in, and receiving small change in store-specific vouchers which make these difficult to use.

- **Intrusive agents**: While having an agent come to the door to encourage people to pay week to week is a plus, there were also some complaints about the intrusive nature of this regular in-home collection and the ‘high pressure tactics’ from some agents.

### 2.3 What other forms of saving are being used for similar purposes?

People were unable to identify any complete alternatives to hamper schemes. Because, for many, hamper schemes are not seen as saving, mainstream savings products are not viewed as being truly comparable to hamper schemes. Store savings cards, the former savings stamps that these replaced, and club cards are seen as the closest comparators.

Nonetheless, some people were saving money for Christmas in other ways:

- Piggy banks/jam jars
- Through their current account
- Through a bank/building society savings account (a couple had a direct debit set up to put aside automatically)
- Through post office savings accounts
- Through informal community-based savings schemes (some of which had a lending facility)
- A couple were using the Saving Gateway pilot in London
There was variable awareness of the 3 mainstream savings products we explored in the workshops. Some were not even aware of regular savings accounts as they used their current account for saving extra money. There was very negligible awareness of Christmas savings accounts. There was mixed awareness of retail savings cards. Awareness of retail savings cards was higher in Glasgow where a number of people were using these cards.

2.4 What are their views on mainstream products and providers?

Overall retail savings cards are most popular. They are regarded as the closest alternative to the hamper schemes as people consider the cards in the same ‘retail mindset’: they think of contributions as making down-payments for goods. The convenience of being in store already (e.g. when doing a weekly shop) is a key positive. In addition, people felt that they wouldn’t be embarrassed to put small amounts away.

Large retail brands tend to be trusted and so lack of FSA regulation is not a major concern. The main concern with these cards is to do with card security – if cards are lost or stolen there is a worry that the money saved will be lost.

Savings accounts and Christmas savings accounts lack the same excitement value as hamper schemes. People admit that they don’t like to think about saving and many do not appear to regard hamper schemes as a form of saving – hence these are not considered true alternatives. Also savings accounts are associated with banks, which are regarded as intimidating. Credit Unions are preferred by those who know them and are perceived as more friendly (awareness of Credit Unions was considerably higher in Glasgow).

Despite these being less popular options, there are a few benefits identified on prompting:

- The protection offered when using any mainstream provider is reassuring
- Some regard the interest paid as another benefit, however others feel that interest mainly benefits those who can save large sums of money
- The lock-in facility of the Christmas saving account (that money cannot be accessed until Christmas time) is identified as something that might help people to resist temptation, as does the option to claim vouchers (rather than cash) to spend on Christmas goods
2.5 Recommendations
Changes are required both to hamper schemes and to mainstream products to fit better with people’s lives and needs before they are regarded as viable alternatives to hamper schemes.

Hamper scheme product changes
- The main suggestion for hamper scheme product changes is around providing consumers with better protection – ring fencing, external regulation
- There is also the suggestion of making voucher redemption work better e.g. providing generic vouchers for change

Mainstream product changes
The main change that people suggested with retail savings cards was the need to address card security for lost/stolen cards. There is the need for some ID requirement to prevent misuse.

The changes suggested to savings accounts are:
- **Ensuring it is easy to open an account and that people know this**: there are many mentions of onerous ID requirements which is an important supply and demand side barrier (as we have found in our previous research for HM Treasury). Bank staff should also proactively offer to current account customers
- **More promotion of alternative mainstream providers**: e.g. credit unions and post offices which are more community based and popular
- **Making it easier to contribute**: people do not like going into banks and so alternative places to pay and promotion of direct debit would make it easier to contribute
- **Getting lock-in right**: strong enough to provide compulsion to save, but with possibility to access without penalty in emergency
- **Providing incentives to save**: this is a key recommendation from participants, and there is suggestion that these need not necessarily just be financial (e.g. receiving a gift at the end of the year)
- **Ensuring information is clear and easy to understand**: e.g. monetary amounts rather than % interest rates

Finally, product refinements need to go hand-in-hand with measures to raise awareness of alternatives and improve financial capability amongst this audience. Community based measures are likely to be most successful.
3. Key Findings

3.1 Who uses hamper schemes?

As this research was only a small qualitative research programme, it is not possible to be definitive about the type of people who use hamper schemes. However, there are some indications that hamper users:

- **Are predominantly women:** In both Glasgow and London there were more women than men and recruiting men to the research proved more problematic.

- **Are not just financially excluded or those under-utilising mainstream financial products:** Whilst a number of people were financially excluded, others had knowledge of and had used mainstream banking products including Direct Debits, Credit Cards and Savings Accounts.

- **Include some people who have been using these schemes for a considerable time:** Whilst some had taken up hamper schemes in the last few years, there were some who have used hamper schemes consistently for over 10 years and longer.

  “I have been using hamper schemes for as long as I can remember – ever since my parents died and I had to be more responsible.” (London)

- **May have a younger demographic in London than Glasgow:** Whilst Glasgow’s demographic was mainly older people, the research in London had a wider range of ages and included a number of hamper users under 30 – the youngest being 18.

- **Are not just those who find it difficult to manage money but also some who are very organised with their finances:** Some are financially active and budget and/or save on a regular basis. Those who budget do so week to week or month to month, depending on how often they receive their pay-packet/benefits.

  “I budget money from week to week.” (Glasgow)

  “I have got it worked to a tee. I know what I am spending every day – so my pension lasts the week.” (Glasgow)

  “I budget everything, every single thing is budgeted.” (London)

People budget in a variety of ways and opt for both cash and non-cash approaches to budgeting – some find it easier to have all their money in cash in order to keep track of their outgoings and to know
exactly how much money they have at any point. Others leave as much money as possible in their accounts and use direct debits and standing orders to pay bills and only take out the minimum amount of cash for use – they worry that if they have cash in their wallets, they will be tempted to spend it. Those who budget and keep their money in accounts monitor their money by keeping receipts, checking on the internet and getting mini-statements from the ATM.

“Instant mini statements are really good – because I know exactly what I have left and what I can spend.” (London)

Some of those who are more financially-minded also save money. However, this is mainly for specific events (e.g. holidays or buying something specific) and is often short-term saving (as opposed to saving for the future). Whilst some use mainstream financial products to save, such as bank accounts (both current and savings), premium bonds and post office savings accounts, many use more informal ways to save their money. Some give money to friends or family to look after, or have a ‘jam jar’ that they save their coins in.

Others do find it difficult to manage their money – they have more of a ‘live for now’ attitude and live day-to-day with little thought for budgeting or saving.

“If I’ve got money, I’ve got to spend it. I am not happy until it’s gone.”(Glasgow)

“Money is for spending, you’ve never got enough but you can’t take it with you. I am terrible with it”. (Glasgow)

“I can’t be bothered to budget. I just spend money like it’s water.” (London)
3.2 Why do people use hamper schemes?

Importantly, most people appear not to use hamper schemes in order to consciously ‘save'; people do not think of hamper schemes as saving but think of them in more of a retail mind set where people feel that they are making a down-payment for goods (or vouchers that can be redeemed for goods) that they will receive at the end of the year.

“I don’t really look at it as saving.” (London)

Hamper schemes are, in the main, marketed locally within communities and often on a very personal level (both through word of mouth and through letter box drops). People typically hear about hamper schemes by word of mouth through friends, family and occasionally work colleagues. This local and community element to marketing makes the schemes seem accessible, welcoming and part of people’s everyday lives and experiences.

“If you are doing the school run there is always someone who knows someone who’s doing it.” (London)

Several also talked about being enticed into the schemes by the attractive advertising in magazines and on television:

“(The advertising is) really tempting. They show you what things you could get, how cheap it is and the packaging looks really nice.” (London)

Participants also discussed the persuasive efforts of local agents. Many people using the hamper scheme know the local agents on a personal level – the agents are often friends or family.

3.3 Attractive product characteristics to consumers

Helping people be disciplined with budgeting for Christmas

Pre-paying on a regular basis helps people to be disciplined with their budgeting for Christmas (in a similar way that pre-paid cards help people to budget bills month to month). Also the fact that agents come to the door to collect money prompts people to save.

Participants comment on the small amounts of money that can be saved – these amounts are perceived to be achievable. In addition, the lock-in element prevents temptation to redeem their money in advance of Christmas for other purposes. Getting goods or vouchers also ensures that the accrued amount is put aside for its intended purpose and will not be ‘wasted’ on other things.

“If I’ve joined a scheme I’ll do it, I’ll never ever miss a month.” (London)
“You spread the money over the year so you don’t miss it.” (London)

“If you get the money, you know you’re going to spend it. But if you get the vouchers you know its going to go on Christmas things and you are happy.” (London)

Providing ‘peace of mind’ and an alternative to debts
Hamper schemes provide people peace of mind at a hectic and ‘stressful’ time of year. They know that setting aside small amounts of money all year will ‘guarantee’ that they can provide something for Christmas – this is not just gifts but also food and drink (although the Farepak collapse has gone some way to challenge this feeling. Please refer to section 3.4). Participants worry about providing for the Christmas period and using the hamper schemes gives them less to do and think about during a stressful period (e.g. less shopping to do at Christmas).

“You know that even if you have no money in the pot, come Christmas you can put food on the table.” (London)

Importantly, hamper schemes are seen as a way of avoiding debts for Christmas spending that need to be repaid in January. This is one of the key reasons that people do not spontaneously identify lack of interest paid on their money with hampers as a disadvantage – it is seen as preferable to paying interest on loans borrowed over Christmas. For many, borrowing money over the Christmas season is seen as the main alternative to hamper schemes.

“You know come January you won’t be in debt.” (London)

Providing a convenient door-to-door service
The convenience of the hamper scheme is provided by the ‘home service’ element of hamper schemes – the collection service and the delivery service. There is no need to travel to make any deposits as agents ‘come to your door’ to collect money. On top of this, goods or vouchers are delivered directly to the door. Participants highlighted that this may be key for those who are older or less-able bodied. People also comment on the convenience of delivery as it saves them the ‘hassle’ of Christmas shopping – having to browse and queue with other Christmas shoppers.

“It means I don’t have to go around with the 10 million other people who need to do their Christmas shopping.” (London)

“It’s delivered to your door so I don’t have to worry about going shopping.” (London)

“It seemed like a good idea that you could get toys and things come to your door.” (Glasgow)
However, the growth of internet shopping means that home delivery is increasingly common and therefore no longer regarded as a unique benefit of hamper schemes.

**Flexibility**

There are a number of potential uses with the hamper schemes. Participants mention using hamper schemes for food, alcohol and for children’s and family gifts. They like that there is flexibility with the hamper schemes and that they have a choice of goods as family circumstances change from year to year. Equally, those who do not have families like the fact that hampers can ordered for different situations e.g. if they decide to have a Christmas party one year, they can order an alcohol hamper.

When available, participants also like to have the choice of either goods or vouchers or a combination of both. The option of vouchers is particularly appealing because:

- They are valid in a variety of high street shops
- They can give the vouchers themselves as gifts
- They aren’t seen as ‘real’ money and people feel that they can shop for presents and goods ‘guilt free’

Vouchers seemed a much more popular choice for participants in London rather than Glasgow. Participants in Glasgow commented that the vouchers were less popular in Scotland because the vouchers are redeemable in mainly England based shops.

**The intangible factors**

Another key benefit to hamper schemes is the excitement value of seeing and choosing the goods in a glossy catalogue. Those who have families comment on the excitement and enjoyment of sitting down together as a family and choosing the goods.

Choosing from the catalogue earlier in the year, means that people can get excited and look forward to receiving goods at the end of the year.

Participants also state that they enjoy actually receiving the hampers and looking through them to see what they have got. Also many feel satisfaction and achievement when they receive the goods at the end of the year; they feel proud that they have managed to save throughout the year.

“*It’s a wee Christmas present to yourself*” (Glasgow)

“*It’s something to look forward to that you feel you’ve achieved.*” (Glasgow)
3.4 Unattractive product characteristics to consumers

Risk to consumers (post-Farepak collapse)
There is very widespread awareness of the Farepak collapse; a few at the workshop had been affected by the collapse and others have known people who were affected. The impact of this appears to be variable. Some people have indicated that they will no longer use hamper schemes as a result. Others are continuing to use them despite the Farepak collapse. These are more likely to be people who have used hampers for longer periods of time and have a more entrenched attitude to hamper usage.

Knowledge of the reasons for the Farepak collapse varies and whilst some believe they are aware of the reasons why it occurred, others speculate that Halifax ‘pulled out on them’ or that Farepak was part of a bigger company that was not doing very well. Despite the variation of knowledge, the Farepak collapse has dented confidence in hamper schemes generally and people are keeping a wary and watchful eye on the situation.

People are not aware of the lack of FSA protection of hamper schemes. However, there is an expectation that the government should protect consumers who use these schemes.

Value for money provided by hampers
Interestingly, popular media coverage of Farepak has also made some people aware of the value for money provided by hampers and of better alternatives; they comment that the goods would be cheaper if they bought them in a shop. This appears to be particularly the case in Glasgow.

“I stopped using it when I found out how much more you’re paying for it. GMTV showed that you can get it cheaper in ASDA.” (Glasgow)

“You’re paying over the odds…It’s all a big con.” (Glasgow)

In both London and Glasgow, value for money was a theme for people who were critical of the lack of variety in the hampers. They also believe advertising is misleading and indicates more and better contents than what people actually receive.

“Some don’t have too much variety.” (London)

“What you see is not what you get. They are smaller in real life than in the ads.” (London)

“I was disappointed – when you open it and it’s only small things. It’s like Mcdonalds, the packaging is much bigger than what’s inside.” (Glasgow)
Participants mention that they frequently wasted the goods in their hampers. They complain that the goods ‘go off’ quickly or that they do not like some of the goods in their hampers. This made people question whether it was worthwhile continuing with hampers.

“There are things you don’t use with the tinned ones.” (London)

“I’m sure I’ve still got some of the stuff in my cupboard.” (Glasgow)

**Restrictions on redemptions**

Whilst people like the option of vouchers, there are some specific complaints about limitations on shops that they can be redeemed in.

Also some complain about receiving change in store-specific vouchers that are difficult to use – often the amounts are so minimal that it is difficult to find anything within the store to spend it on. Also, people are frustrated by being tied to that specific store to spend their change in.

**Intrusive agents**

Having an agent come to the door to encourage people to pay week to week is seen as an advantage of hamper schemes. However, there are also some complaints about ‘high pressure tactics’ from some agents. Because hamper scheme users often know agents personally, participants express some feelings of obligation to continue participating in the scheme. When agents come to collect from their door, participants can feel pressurised. Also, because agents visit people in their homes, some comment that agents are intrusive on their time and space.

“As soon as Christmas was over she would be at the door – you’d feel obliged.” (Glasgow)

“If you stop doing it you feel you are letting (the agent) down.” (Glasgow)
3.5 Other forms of saving for similar purposes

People were unable to identify a complete alternative to hamper schemes. Because most people do not necessarily perceive hamper schemes as a way to ‘save’, mainstream savings products are not viewed as a viable comparison to hamper schemes. Also, other savings schemes are not seen to lock-in money specifically for Christmas.

The closest products to hamper schemes are seen to be retail savings cards (and the former savings stamps that the savings cards replaced) and club cards.

Nonetheless, some people were saving money in other ways:

- **Piggy banks and jam jars**: Some save money and loose change into jars that they take to the bank or the supermarket once a year to get counted.
- **Current accounts**: Some use their current account to pay for bills and everyday living and then save by ensuring that some money is left-over in the account.
- **Bank or building society savings account**: A few had set up direct debits from their current accounts to put money aside automatically. By doing this, they manage to save money by budgeting for everyday living without factoring in this money. Also many are saving for their children and not themselves – some mentioned that they had set up child trust funds to ensure regular saving.
- **Post office savings account**: Some prefer using post office accounts to save because they are seen to be a more straight-forward option than bank accounts. They mention using National Savings and Investment (NS&I) savings products through the post office.
- **Informal community based savings scheme**: This includes giving money to family and friends but also informal savings groups such as Ménages in Glasgow and Loan Clubs in London.
- **Saving Gateway pilot in London**: A couple of people in London mention involvement in the scheme and are positive about the fact that the government matched the money that they had saved.

There was variable awareness of the 3 mainstream savings products explored in the workshop – savings accounts, Christmas savings accounts and retail savings cards. Some were not aware of savings accounts because they were using their current account to save any extra money. Others did not use mainstream banking products and had limited awareness of bank accounts in general (both current and savings). There was negligible awareness of Christmas Savings Accounts. There was mixed awareness of retail savings cards. There was a higher awareness of retail savings cards in Glasgow, where a number of people were already utilising these cards.
3.6 Views on mainstream products and providers

Retail savings cards
Overall, retail savings cards are the most popular option of the three options presented to them. Those who shop at large stores find the retail savings cards convenient because they are already in the shop anyway (e.g. doing their weekly shop) and do not have to go out of their way to save. It is also seen as accessible because people can quickly and easily set up a card (i.e. there is limited form-filling and no identity checks). In comparison to other mainstream products provided by banks, people feel that they would not be embarrassed to put small amounts away.

Also, putting money on the retail savings card locks-in their money to goods from the store. As such, they are regarded as the closest alternative to the hamper schemes because they consider the cards in the similar ‘retail mindset’: they think of their contributions as making down-payments for goods. People prefer this to getting their money back in cash because it allows them to imagine that they are purchasing tangible goods (e.g. buying a Turkey for Christmas dinner). Initially participants imagine that they would buy food and drinks with the money saved on their card but after some discussion they also comment that it would be useful to buy gifts with it too.

“When I put money on my ASDA savings card I imagine that I am helping myself to buy a turkey at Christmastime.” (Glasgow)

Another advantage identified is that people can use the money that they have saved on their card whenever they want (e.g. in times of particular hardship), but the bonus paid to them at Christmas is an incentive that would encourage them to keep their money on the card.

The fact that these cards are not regulated by the FSA is not seen as a serious disadvantage because they tend to trust larger retail brands.

“It feels like you are getting something at the end.” (London)

“Farepak didn’t care but ASDA would. All the big stores are more accountable and care more about customers.” (Glasgow)

“It could become a habit.” (Glasgow)

However there are some worries around the card security of the retail savings cards. Some express concerns about losing their card or having their wallet stolen, which would mean that they would lose all the money that they had saved.
Other disadvantages include being limited to shopping at that particular store and having the temptation of spending the money on the card before Christmas:

“(Putting money on that card) is like giving the store your money in advance! It ties you to it.” (London)

“What happens if you get to the check-out and you don’t have enough money to pay for everything? You would use the money on the card.” (London)

Savings accounts and Christmas savings accounts
Both the normal savings account and the Christmas savings account, lack the same excitement value of hamper schemes because they are getting cash back and not receiving goods.

Further to this, as discussed earlier, some people state that they do not like to think that they are saving:

“They’re not as exciting. You don’t want to think you’re saving – no want wants to save. (With hampers) you feel like you’re getting something.” (London)

Consistent with previous research that Opinion Leader carried out on financial inclusion\(^1\), some participants see banks as intimidating. People worry that if they tried to pay in small amounts, the bank staff would treat them negatively.

“The teller would think you were simple” (Glasgow)

“Its embarrassing asking for a small amount” (Glasgow)

There are some complaints about the inconvenience of travelling to the bank and waiting in queues. Also, without some sort of ‘lock-in’, there are worries that they would not be able to resist the temptation to access the money before Christmas. However, people want to be able to access their money when necessary and are concerned that they would not be able to because of the time-delays of savings accounts.

When asked to think about the pros and cons of the savings accounts, participants can identify some advantages to using savings accounts – mainly, that the protection offered when using a mainstream provider is reassuring. Some state that getting paid interest on their savings is another benefit. However many believe the interest is only beneficial to people who can save large amounts of money and that the interest paid to them would be inconsequential on the amounts that they might be able to save.

\(^1\) Financial Inclusion Deliberative Workshops Report for HM Treasury/ Financial Inclusion taskforce, prepared by Opinion Leader, (May 2005)
One of the key advantages identified of the Christmas savings account over a normal savings account is that the money is locked in until Christmas. People thought that this facility might help them to put money aside specifically for Christmas expenses. Participants also like the fact that some Christmas savings accounts offer a choice of money or vouchers to spend on Christmas goods. However, the same concerns around banks arise when discussing Christmas savings accounts (e.g. feeling intimidated).

Credit Unions are seen as preferable to banks for both those who use them already and those who are made aware of them during the workshop. Previous awareness of credit unions is considerably higher in Glasgow than London. Those who are aware of credit unions are positive about them and consider them to be more personal and the staff more supportive than in banks. They also like the fact that branches are more local and convenient.
4. Recommendations

Overall, mainstream savings products require some changes in order for them to better fit with hamper users’ lives and needs before they are regarded as viable alternatives to hamper schemes.

“You’ve got to be realistic – if these were any good for us we’d all be using them.”
(Glasgow)

Currently, mainstream savings products are not seen to be attractive alternatives to hampers. Because of this many suggest that changes need to be made to hamper schemes to improve them.

Hamper schemes

- **Better protection**: The main suggestion is around providing customers with better protection. People want to be assured that their money will be safe. They also would like to see hamper schemes being regulated by an external body, such as the FSA, that will safeguard their money and best interests (e.g. that the hampers provide value for money)

- **Flexibility with vouchers**: there are also some suggestions around making the voucher redemption work better – people would like change in money rather than store specific vouchers. If this is not possible, they would at least like shops to provide another generic voucher that can be used in a number of retail outlets. In Glasgow, participants would like vouchers to be redeemable in a better range of shops that are not just popular in England.

Whist some will continue to use hamper schemes and would prefer to see changes made to the hamper scheme product than to think about mainstream savings products, there are some who would be interested in mainstream savings products if changes are made.

Savings accounts

- **Make opening accounts easy**: Ensure that it is easy to open an account and communicate that it is easy to open an account. There are a lot of mentions of onerous ID requirements and in Opinion Leader’s previous research for HM Treasury\(^2\); this is an important supply and demand side barrier. Bank staff should proactively offer these savings accounts to current account customers.

- **Promotion**: There needs to be more promotion of alternative mainstream providers e.g. credit unions or post offices which are more community based and are popular with those who know them.

\(^2\) **Financial Inclusion Deliberative Workshops Report for HM Treasury/ Financial Inclusion taskforce, prepared by Opinion Leader, (May 2005)**
- **Make contribution easy**: An attractive characteristic of hamper schemes is that an agent collects money at your door. Participants want it to be easy to give money and they don’t like going into banks. Alternative places to pay and use of direct debit should be promoted.

- **Get the ‘lock-in’ period right**: Participants need a strong enough compulsion to save (i.e. they don’t want to be able to easily access their money.) However, they would like the possibility to access their money when necessary, without penalty.

- **Provide incentives**: People would like these products to offer incentives to save. When people were talking about the Saving Gateway scheme in London, it attracted interest and enthusiasm within the group. There were also some suggestions of non-financial incentives or ‘tokens’ like receiving a gift at the end of the year: People like the idea of actually receiving something tangible and receiving this non-financial incentive can be invoke similar feelings to receiving goods in a hamper.

  “It would be good if they gave you a little token. It doesn’t have to be much – even if it is a small teddy or something.” (London)

- **Clear and easy to understand information**: People would like information that is clear and easy for them to understand and relate to: for example, it is easier for people to understand monetary amounts rather than interest rates. They would also like information in monetary amounts and not percentages, which they find difficult to work out.

**Retail savings cards**

- **Card security**: There are concerns about security for lost and stolen cards and whilst participants state that no onerous form filling is an advantage to retail savings cards, they would like to have some ID/photo requirement to prevent misuse.

- **Better incentive**: In order to help them to resist temptation of spending before Christmas, they would like better incentives - either a better monetary ‘bonus’ near Christmas or a non-financial incentive. These incentives need to be communicated and promoted more to people.

**Accompanying awareness-raising and financial capability improvements**

Refining these products needs to go hand-in-hand with measures to raise awareness of mainstream financial products and benefits. It is also important to raise awareness of the problems and the potential risks of hamper schemes. Equally, it would be valuable to improve financial capability amongst this audience in order to access and fully utilise alternative mainstream financial products.
Thinking about both the lives and needs of this audience, it is likely that community based measures will be most successful.
5. Appendix
5.1 Agenda

**SESSION ONE: 9.00 – 10.05am**

**Aim of session:**
*To welcome participants and inform them of the proceedings*
*To establish how participants budget their money*
*To establish how, if at all they are saving – are they good at short to medium term financial planning?*

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
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</thead>
<tbody>
<tr>
<td>9.00-9.10am (10 mins)</td>
<td><strong>ARRIVE AND GET SETTLED</strong></td>
</tr>
<tr>
<td></td>
<td>- Registration, name badges</td>
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<tr>
<td></td>
<td>- Tea/coffee</td>
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<td></td>
<td>- Participants met and shown to tables by facilitators</td>
</tr>
<tr>
<td>9.10-9.20am (10 mins)</td>
<td><strong>INTRODUCTION [PLENARY]</strong></td>
</tr>
<tr>
<td></td>
<td>- Opinion Leader Chair (Monique Rotik) welcome – aim of the workshop, ground rules, housekeeping, outline agenda for the day (include umbrella terms for schemes that will use throughout morning – <em>hamper schemes</em>)</td>
</tr>
<tr>
<td></td>
<td>- Brian Pomeroy welcome – A short introduction and why the workshop is important</td>
</tr>
<tr>
<td>9.20-9.40am (20 mins)</td>
<td><strong>WARM UP [TABLES]</strong></td>
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<tr>
<td></td>
<td>- In pairs, participants to introduce themselves</td>
</tr>
<tr>
<td></td>
<td>- Name</td>
</tr>
<tr>
<td></td>
<td>- Are they married / single?</td>
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<td></td>
<td>- Do they have children?</td>
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<td></td>
<td>- Are they working? If so, what as?</td>
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<tr>
<td></td>
<td>- What are the good/bad things about the area they live in?</td>
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<td></td>
<td>- Pairs then to introduce each other to the group</td>
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<tr>
<td></td>
<td>- Participants to show the item they have brought with them that represent their lives currently</td>
</tr>
<tr>
<td></td>
<td>- Where does managing money fit in? How do people feel about this element of their lives?</td>
</tr>
<tr>
<td>9.40-10.05am (25 mins)</td>
<td><strong>BUDGETTING &amp; SAVING [TABLES]</strong></td>
</tr>
<tr>
<td></td>
<td>- How, if at all, do you budget your money?</td>
</tr>
<tr>
<td></td>
<td>- Probe: cash vs. non-cash methods (and reasons)</td>
</tr>
<tr>
<td></td>
<td>- How far in advance (days/weeks/months/year)? What dictates this?</td>
</tr>
<tr>
<td></td>
<td>- How would you prefer to budget? Why don’t do this?</td>
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<tr>
<td></td>
<td>- Do they use a bank account? Do these make it easier to budget? How?</td>
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<tr>
<td>Online?</td>
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<td>-----------------------------</td>
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<tr>
<td>• Do you save your money? Think about all different types – saving / putting money aside for a rainy day vs. saving for something special</td>
<td></td>
</tr>
<tr>
<td>➢ For those that do save: Why? Where did they learn / hear about saving?</td>
<td></td>
</tr>
<tr>
<td>➢ For those that don’t save: Why not? What are the barriers that prevent them from saving?</td>
<td></td>
</tr>
<tr>
<td>➢ What are you currently saving for or would like to be saving for?</td>
<td></td>
</tr>
<tr>
<td>➢ Do you save for the short term / medium term / long term?</td>
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<tr>
<td>➢ How good are you at saving on a scale of 1–10 and why?</td>
<td></td>
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<tr>
<td>➢ For those that save: how do you save?</td>
<td></td>
</tr>
<tr>
<td>– <strong>Probe:</strong> mainstream financial products (savings accounts) vs. other</td>
<td></td>
</tr>
</tbody>
</table>
**SESSION TWO: 10.05 - 11.15am**

**Aim of session:**
To establish what product characteristics of hamper schemes / savings clubs are attractive and unattractive to consumers (tangible factors, e.g. locked in for time period and for goods, vs. intangibles e.g. social factors, excitement of hamper)

To establish what other forms of savings are utilised by these consumers for similar purposes

<table>
<thead>
<tr>
<th>10.05-10.30am (25 mins)</th>
<th>HAMPER SCHEMES / SAVING CLUBS [TABLES]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• How long have you been giving money to a hamper scheme or saving club?</td>
</tr>
<tr>
<td></td>
<td>• How did you find out about it initially?</td>
</tr>
<tr>
<td></td>
<td>• How do they work?</td>
</tr>
<tr>
<td></td>
<td>• Why do you use one of these schemes?</td>
</tr>
<tr>
<td></td>
<td>➢ What do you like about these schemes? What are the pros?</td>
</tr>
<tr>
<td></td>
<td>➢ What don’t you like about these schemes? What are the cons?</td>
</tr>
<tr>
<td></td>
<td>– <em>Probe specific product characteristics and tangible factors (locked in for a specific period, locked in for specific goods, agent visit prompts regular ‘saving’)</em></td>
</tr>
<tr>
<td></td>
<td>– <em>vs. intangible factors (social element of regular contact with agent, excitement of getting hamper)</em></td>
</tr>
<tr>
<td></td>
<td>➢ Moderator to flipchart list of likes and dislikes</td>
</tr>
<tr>
<td></td>
<td>• Do you know about the Farepak collapse?</td>
</tr>
<tr>
<td></td>
<td>• Was anyone affected – around the table or people they know?</td>
</tr>
<tr>
<td></td>
<td>• Do you know why it happened?</td>
</tr>
<tr>
<td></td>
<td>• Has it changed the way you feel about these schemes? Why? Why not?</td>
</tr>
<tr>
<td></td>
<td>• Has it stopped you from using these schemes?</td>
</tr>
<tr>
<td></td>
<td>• Moderator to nominate one participant to feedback top 3 likes and 3 dislikes of these schemes <em>(NOTE: ensure that this is broader than Farepak comment)</em></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10.30-10.40am (10 mins)</th>
<th>FEEDBACK [PLENARY]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Nominated participants on 2-3 tables to feedback top likes and dislikes of hamper schemes / saving clubs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10.40-10.55am (15 mins)</th>
<th>BREAK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Tea, coffee and biscuits</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10.55-11.10am (15 mins)</th>
<th>OTHER MEANS OF SAVING [TABLES]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• What other savings products do you use that do a similar thing?</td>
</tr>
<tr>
<td></td>
<td>➢ What are the key features of these products</td>
</tr>
<tr>
<td></td>
<td>• In pairs:</td>
</tr>
<tr>
<td></td>
<td>➢ How else (other than Hamper Schemes) could you save for Christmas?</td>
</tr>
<tr>
<td></td>
<td>➢ What are the pros and cons of these suggestions</td>
</tr>
<tr>
<td></td>
<td>• Pairs to feedback to the table</td>
</tr>
<tr>
<td></td>
<td>• Facilitator to flipchart common suggestions with pros and cons</td>
</tr>
</tbody>
</table>
**SESSION THREE: 11.10am-1pm**

**Aim of session:** To establish consumers’ views of more mainstream financial service providers

<table>
<thead>
<tr>
<th>11.10-11.20am (10 mins)</th>
<th>INTRODUCTION TO MAINSTREAM SAVINGS PRODUCTS [PLENARY]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Brian Pomeroy to introduce features of savings products and providers (bank, building society, credit unions, retailers)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11.20am-12.15pm (55 mins)</th>
<th>MAINSTREAM SAVINGS PRODUCTS [TABLES]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• What did you know / not know about the presentation? Anything surprising? (5 mins)</td>
</tr>
<tr>
<td></td>
<td>• Moderator to give handout 1 on features of savings products and read through with the table</td>
</tr>
<tr>
<td></td>
<td>• What about these products works well?</td>
</tr>
<tr>
<td></td>
<td>• What works less well?</td>
</tr>
<tr>
<td></td>
<td>• Do you currently use any of these types of products?</td>
</tr>
<tr>
<td></td>
<td>• If not, now they you have heard about them, would you use them? Why? Why not?</td>
</tr>
<tr>
<td></td>
<td>➢ If not, what else would it need to do to appeal to you?</td>
</tr>
<tr>
<td></td>
<td>• Does it matter who provides this service: bank, building society, credit union? (15mins)</td>
</tr>
<tr>
<td></td>
<td>• Moderator to give handout 2 on features Christmas savings accounts and read through with the table</td>
</tr>
<tr>
<td></td>
<td>• What features of this product works well?</td>
</tr>
<tr>
<td></td>
<td>• What work less well?</td>
</tr>
<tr>
<td></td>
<td>• Do you currently use any of these types of products?</td>
</tr>
<tr>
<td></td>
<td>• If not, now they you have heard about them, would you use them? Why? Why not?</td>
</tr>
<tr>
<td></td>
<td>➢ If not, what else would it need to do to appeal to you?</td>
</tr>
<tr>
<td></td>
<td>• Does it matter who provides this service: bank, building society, credit union? (15mins)</td>
</tr>
<tr>
<td></td>
<td>• Moderator to give handout 3 on features of retail Christmas Savings Cards and read through with the table</td>
</tr>
<tr>
<td></td>
<td>• What features of Christmas Savings Cards works well?</td>
</tr>
<tr>
<td></td>
<td>• What work less well?</td>
</tr>
<tr>
<td></td>
<td>• Do you currently use any of these types of products?</td>
</tr>
<tr>
<td></td>
<td>• If not, now they you have heard about them, would you use them? Why? Why not?</td>
</tr>
<tr>
<td></td>
<td>➢ If not, what else would it need to do to appeal to you?</td>
</tr>
<tr>
<td></td>
<td>• Does it matter who provides this service: type of retailer?</td>
</tr>
<tr>
<td></td>
<td>➢ Does it matter that money is not protected by the FSA)? (15mins)</td>
</tr>
</tbody>
</table>
## MAINSTREAM SAVINGS PRODUCTS VS. HAMPER SCHEMES [TABLES]
- Are the alternatives discussed in the previous session appealing alternatives to hamper schemes as a way of saving for Christmas?
  - Why? Why not?
- For each type of product, what features do you like more? And what features do you like less?
- Do these alternatives overcome the problems with hamper schemes (refer to flipchart notes from earlier session)
- What would make you interested in using one of the alternative products instead of using a hamper scheme?
  - Do they need to work differently? If so, how?
  - Do they need to make you aware of how they work?
    - What would these organisations have to do to tell you about how these products work?
    - How should they tell you?
- Moderator to flipchart
  - the two best things about mainstream products compared with hamper schemes
  - the two worst things about mainstream products compared with hamper schemes
  - the one main thing that would encourage them to use mainstream financial products
- Moderator to nominate participant to feedback in plenary

## FEEDBACK [PLENARY]
- Nominated participants on 3 tables to feedback best and worst things about mainstream products vs. hamper schemes and the main thing that would encourage them to use mainstream financial products
- Brian Pomeroy to thank
- Opinion Leader Chair to close

## DISTRIBUTION OF INCENTIVES [TABLES]
- Participants to complete post workshop questionnaire
- Distribute incentives and thank for taking part

## LUNCH
- Participants to get sandwich lunch
Savings accounts

You can set up a savings account at a bank, building society or a credit union.

You get interest on your money so it grows steadily. Different savings accounts pay different interest rates.

You get more interest than with a current account.

It is an easy way to save money for a few years, or if you want a very safe, low-risk place to keep your life savings.

You need to put money into the account when you set it up. Sometimes this is just £1.
You need to check how easy it is to take money out of the savings account.

Some places let you have your money straight away, others need you to write and tell them days or weeks before.

The **Financial Services Authority** and the **Financial Services Compensation Scheme** make sure your money is safe.

Visit [www.fsa.gov.uk](http://www.fsa.gov.uk) and [www.fscs.org.uk](http://www.fscs.org.uk) to find out more.
Christmas saving accounts help people save money for Christmas. You can open one at a building society or a credit union. Here is one example of a Christmas saving account:

You can choose to have your money back as *shopping vouchers* at some credit unions. They will always offer cash as well.

You set up the account face-to-face at a branch.

Christmas saving accounts can be started with as little as £10, or more if you like.

You can make as many payments into the account as you like with cash or cheques.
Interest is paid once a year.

The are some rules. With some accounts, you may have to pay a minimum amount into the account every month.

You can only take the money out just before Christmas - in time to help pay for it.

After this date, you can take out cash up to your daily limit.

Or you can take more, or all of your money paid to you by cheque.

If you need to get your money earlier, you can close the account.

The Financial Services Authority and the Financial Services Compensation Scheme make sure your money is safe. Visit www.fsa.gov.uk and www.fscs.org.uk to find out more.
Retail Christmas Savings Cards

Some big shops offer *Christmas Savings Cards*. You save money on a card, and spend it later at the same store. You can't use the card anywhere else.

You put money on the card at the checkout, whenever you want. You can buy things from the store with money saved on your card, whenever you want.

But you cannot get your money back in cash.

Some shops give a *bonus* in November. If you have money saved on the bonus date, you get extra money added to your card. Usually the more you save, the better the bonus.
You don’t have to use all the money at Christmas – you can carry it over to the next year.

You don’t need to show any *proof of identity* or address to open a Christmas Savings Card.