Financial inclusion
and bank accounts

a training resource
(Inside front cover)
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About the training

This training resource is intended for organisations to train staff that work with clients who may experience financial exclusion, and who may need support to access and use a suitable account for managing their money.

Topic 1 of this resource gives a general introduction to financial exclusion – further background and research on financial exclusion can be found at www.transact.org.uk. Financial exclusion forms a part of wider exclusion and so may not always be the primary cause for concern for your clients. However, the ability to take control of your finances can be an important step in regaining control of other areas of your life – being able to access an appropriate account with which to do this is of fundamental importance.

About Toynbee Hall

Toynbee Hall produces practical innovative programmes to meet the needs of local people, improve conditions and enable communities to fulfil their potential.

The organisation makes a difference by producing local programmes that have the power to become national solutions, with a constant and ongoing commitment to the development of social policy and networks for positive change.

Toynbee Hall has played a pioneering role in financial inclusion in the UK, and continues to deliver a range of projects that seek to meet the needs of individuals and communities facing financial exclusion across the UK. For further information visit www.toynbeehall.org.uk/financialinclusion

About Financial Learning at NIACE

NIACE

The National Institute of Adult Continuing Education (NIACE) exists to encourage more and different adults to engage in learning of all kinds. We campaign for, and celebrate the achievements of adult learners, young and old, and in all their diversity. NIACE is the largest organisation working to promote the interests of learners and potential learners in England and Wales. NIACE works to support an increase in the total numbers of adults participating in formal and informal learning in England and Wales, and we also want to ensure that the quality of their learning experiences is the highest possible. We believe through adult learning, we can create and maintain a more skilled and knowledgeable workforce whilst building learning communities in which people can explore shared enthusiasms and work together as active citizens.

Financial Learning

The Financial Learning team at NIACE works to encourage and improve learning for adults about all aspects of finance.
We do this through:

- Researching what adults want to learn about finance, and how they learn.
- Developing teaching materials.
- Helping tutors find out about policy and practice.
- Helping tutors talk to each other about their work.

We believe financial learning is a vital part of adult education. New technology and changes in the banking system have left many people feeling lost. In recent years problems caused by unmanaged debts have become more common. Budgeting, saving and personal money management will always be important to people and can provide empowering opportunities for many learners.

NIACE also aims to co-ordinate Financial Learning activity across England and Wales. We gather information on current work and provide useful resources for everyone interested in financial learning.

For further information visit http://www.niace.org.uk/

**About ‘now let’s talk money’**

This work is funded by ‘now let’s talk money’. The ‘now let’s talk money’ campaign is a UK-wide Government campaign, administered by the Department for Work and Pensions (DWP) and delivered by a network of regional stakeholder managers. It aims to direct people looking for financial assistance to local trusted sources where they can find information on affordable credit, confidential advice on money matters, and advice on suitable bank accounts. To find out more about ‘now let’s talk money’, please log on to the website www.nowletstalkmoney.com.

**Acknowledgements**

We are indebted to Caryn Loftus for her work in developing this resource, as well as Martha Lawton, Jonquil Lowe and Barbara Nance for their comments.

For further information on this, or to find out more about Toynbee Hall’s financial inclusion work, please contact Adam Clark on 020 7392 2954 or adam.clark@toynbeehall.org.uk
Delivering the training

This training will help improve understanding of:

- Financial Inclusion and Financial Exclusion, its causes and the effects of being excluded
- The importance of having the appropriate skills, knowledge and confidence to be financially included and where and how you can assist your clients to improve these

This training will help support you to:

- Assist your clients in understanding their account needs and then choosing an account appropriate for those needs
- Support your clients to overcome possible barriers in the account opening process, including the provision of documents to prove your identity and address
- Form constructive relationships with local financial institutions
- Know how best to support your clients in using different account features

This has been developed by Toynbee Hall in collaboration with NIACE, and forms part of a wider five module training programme in financial capability and inclusion. All modules can be used towards gaining a qualification in Adult Financial Capability at Level 3 (Level 3 is roughly the equivalent of an A-level).

This pack consists of:

- comprehensive session plans with trainer notes
- powerpoint slides
- handouts

The session(s) is designed to be delivered by an individual who has some experience in training delivery but is not necessarily an expert in the subject matter. It is intended for small or medium-sized groups (between 5-15 individuals) and makes use of a number of existing resources, the majority of which are freely available via the internet. Of those for which there is a purchase cost involved, we would recommend that a copy of the Personal Finance Handbook – available through Toynbee Hall (www.toynbeehall.org.uk) – may be of most use to trainers. Trainers should take the time to familiarise themselves with the session plans, handouts and resources used before delivering any training.

Along with the core material, there are optional activities that can be included to extend the training. It is intended that the session is discursive and should draw on the experience of the participants and their clients. The session(s) assume that participants have no prior knowledge of financial inclusion or banking.

1 Some of the additional resources may require ordering or purchasing and a list of these along with sources can be found on page 6. However, the training can be run in a basic form with only the material in this training resource and the resources freely available via the internet.
How the resource is structured

The handouts are included as an appendix and can be photocopied from this resource to be distributed during the session. The powerpoint slides can either be replicated from this resource or downloaded via www.transact.org.uk/banking. The powerpoint slides online also have additional trainer notes.

The next section lists the training aims, learning outcomes, basic materials required and additional materials that would be useful to have and where these can be accessed.

Following this, the training resource is divided into seven separate topics that can be completed together over the course of a day, or adapted to allow individual sections to be used in isolation. The topics are:

- Financial Exclusion
- Financial Capability
- Types of accounts
- Opening accounts and barriers to this
- Identity (ID) and Address Verification (AV)
- Working with local financial institutions
- Supporting clients in managing accounts

Each topic sets out:

- The key messages to take from the segment
- The time required for the segment
- The segment’s session plan, making clear what are actions, questions and notes for trainers
- Powerpoint slides for the segment

In addition to this, the session plans show the overall timings if the topics were to be presented back-to-back over the course of a day and suggests where breaks can be included. The introduction to the day and the wrapping up of the day can be found at the start of the first topic and end of the final topic but can be moved if topics are being presented in isolation.

The handouts used throughout the training are included as an appendix at the end of this resource and can be replicated or photocopied for use in the sessions. Please acknowledge this resource as the source.

All of the material included within this resource is available via www.transact.org.uk/banking, along with further resources and information on how you can become more involved in financial exclusion and banking activities.
Financial Inclusion and Bank Accounts

A training resource

Aims:
- Introduce the concepts of financial exclusion, financial inclusion and financial capability
- Enable intermediaries to support clients opening and using bank accounts

Learning Outcomes:
- Understand the effects of financial exclusion and the benefits of financial inclusion
- Understand the benefits of increasing levels of financial capability
- Understand the banking options available
- Understand how to support clients to select, open and use the most appropriate type of account for their needs
- Understand how to work effectively with local financial institutions

Materials required:
- PowerPoint and data projector
- Internet access (if available)
- Flipchart, paper, pens
- Post it notes
- Session handouts

Additional Materials (if available):
NIACE (www.niace.org.uk):
- Money-go-Round CD-Rom
- MoneyPower CD-Rom
- Moneymatterstome Guide – topic on Bank Accounts
- Colossal Cards
- Financial Products Resource Pack – Basic bank account section
- Bridging the Gap DVD

Toynbee Hall (www.toynbeehall.org.uk):
- Personal Finance Handbooks for participants
- Toynbee Hall Guide to ID
- Guide to Financial Capability for Social Housing Tenants Others

Others:
- Credit Explained (http://www.ico.gov.uk/)
- ‘Financial Fringe’ payment methods leaflet (http://www.bba.org.uk/content/1/c6/01/25/36/financial_fringe_guide.pdf)
- Information leaflets: In brief Financial Exclusion; In brief Financial Capability (www.transact.org.uk/info)
- Just the Facts Basic Bank Account leaflets (http://www.moneymadeclear.fsa.gov.uk/pdfs/bank_accounts.pdf)
- Just the Facts Credit Union leaflets (http://www.moneymadeclear.fsa.gov.uk/pdfs/credit_unions_ink.pdf)
Financial exclusion is a term that is commonly defined as being excluded from financial goods and services. However, the impact this exclusion can have goes beyond the financial to form a part of wider social exclusion.

Financial exclusion is a state, not a trait. People may move into becoming financially excluded and may move out of being financially excluded.

Barriers that exclude an individual may be thought of as existing either on the ‘supply’ side or the ‘demand’ side. Many ‘demand side’ obstacles can be the result of low skill, knowledge, motivation and/or confidence levels. An intermediary’s work often focuses on assisting clients with this.

**Session length:** 50 minutes (including 10 minute introduction)
<table>
<thead>
<tr>
<th>Time Elapsed</th>
<th>Actions</th>
<th>Questions</th>
<th>Notes</th>
<th>Resources</th>
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<td>0:00</td>
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<tr>
<td>10 mins</td>
<td>Introductions</td>
<td>Housekeeping</td>
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<td>Handout 1: Outline and Resources</td>
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<td></td>
<td>Give out Handout 1. Go through the session outline, including aims and outcomes of the day.</td>
<td>Which organisation/s do you come from? Who are your clients?</td>
<td>Make a list of what people want from the day on a flipchart</td>
<td>Slides 1/2</td>
</tr>
<tr>
<td></td>
<td>Introduce the Personal Finance Handbook (PFH) – produced by Toynbee Hall and Child Poverty Action Group, this is core reading for non-specialized intermediaries working on financial inclusion and well worth having a copy.</td>
<td>What would you like to get from the day?</td>
<td>Introduce the Personal Finance Handbook (PFH)</td>
<td>Flipchart and pens</td>
</tr>
<tr>
<td>0:10</td>
<td>Financial exclusion</td>
<td>What does the group understand by financial exclusion?</td>
<td>Make a note of these on the flipchart and discuss</td>
<td>Personal Finance Handbook (PFH)</td>
</tr>
<tr>
<td>40 mins</td>
<td>Show slide 4. The term was first coined by the OFT in the late 1990’s and is often used in different ways. It is most often defined as a broad concept describing a lack of access to, and use of, a range of financial services. A definition of Financial Inclusion may help people understand Financial Exclusion: Financial Inclusion is a state in which people have access to appropriate, affordable and desired financial products and services. It is achieved by financial literacy and financial capability on the part of the consumer, and access and products on the part of financial product, services and advice suppliers.</td>
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<td></td>
<td>Slide 3</td>
<td>Slide 4</td>
<td>PFH ch 1 pp2-5</td>
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Financial Exclusion is a state, not a trait, ie people may move in and out of being financially excluded, so we tend to talk about people ‘facing financial exclusion’ rather than ‘being financially excluded’, which implies a permanent condition.

What factors may make financial exclusion more likely?

Slide 5 shows a range of factors (from PFH p3) which make financial exclusion more likely:

- Geographical location
- Physical access problems
- Procedural barriers
- Language and cultural barriers
- Unsuitable products
- Confusing products
- Pre-conception and past experience

Thinking about your clients, which are factors and for whom and why?

What do you think are the effects of financial exclusion?

Discuss slides 6 & 7:

Financial effects of financial exclusion (PFH p2):

- Vulnerable to financial shocks
- Denied other financial products
- Unable to afford other products
- Forced to pay more

Social effects of financial inclusion

- Employability
- Access to good and services
- Additional time and effort costs
- Access to welfare

Have you come across examples of these with your clients?
Give out Handout 2. This recaps what has just been discussed.

Information leaflet ‘In brief: Financial exclusion’ is a summary of Financial Exclusion produced by Transact, the national forum for financial inclusion, and the Resolution Foundation.

Introduce slide 8 – what policy exists around financial inclusion

Financial Inclusion Policy: The Government has developed a financial inclusion strategy to:

- Increase access to bank accounts and other financial products
- Provide affordable credit and money advice
- Extend the take-up of insurance products by low-income households

Key activities include:

- £130m Financial Inclusion Fund (FIF)
- Establishing the Financial Inclusion Taskforce to monitor progress on the objectives the Government has set out and make recommendations on what more needs to be done.
- Government’s ‘Now let’s Talk Money’ campaign encourages intermediaries to help increase their clients’ financial confidence and capability. Financial Inclusion Champions is a development of the ‘Now let’s Talk Money’ campaign and will work with local authorities, social landlords and other key partners to make sure people have access to basic financial services, such as safe saving, bank accounts, money advice, home contents insurance and affordable credit.

It can be helpful to think of barriers as being either supply or demand. Supply side barriers exist at the point of supply (the financial institution) and demand side barriers are those that lie with the individual.

What does the group think are potential supply side obstacles and what are potential demand side obstacles? How can they assist your clients around these obstacles?

Introduce slide 9. Discuss examples of supply and demand side issues.
Many demand side obstacles can be the result of low skill, knowledge, motivation and/or confidence levels of the individual = financial capability. A key element of intermediaries work on demand focuses on assisting clients with this.

Key messages from this section:
- Financial exclusion is a term that is commonly defined as being excluded from financial goods and services. However, the impact this exclusion can have goes beyond the financial to form a part of wider social exclusion.
- Financial exclusion is a state, not a trait. People may move into becoming financially excluded and may move out of being financially excluded.
- Barriers that exclude an individual may be thought of as existing either on the ‘supply’ side or the ‘demand’ side. Many ‘demand side’ obstacles can be the result of low skill, knowledge, motivation and/or confidence levels. An intermediary’s work often focuses on assisting clients with this.

Are there questions on any of this?
Financial Inclusion and Bank Accounts

Learning Outcomes
- Understand the effects of financial exclusion and the benefits of financial inclusion
- Understand the benefits of increasing levels of financial capability
- Understand the banking options available to those on the income or otherwise experiencing different forms of social exclusion
- Understand how to support clients to select and then open the most appropriate type of account for their needs
- Understand how to work effectively with local bank branches

Financial exclusion
What do you understand by the term financial exclusion?

Textbook definition

Factors which make financial exclusion more likely
- Geographical location
- Physical access problems
- Procedural barriers
- Language and cultural barriers
- Unsuitable products
- Confusing products
- Pre-consumption and past experiences

What are the financial effects of Financial exclusion?
- Vulnerable to financial shocks
- Denied other financial products
- Unable to afford other products
- Forced to pay more

References: *Financial Inclusion and Bank Accounts*
What are the social effects of Financial exclusion?

- Employability
- Access to goods and services
- Access to welfare
- Additional ‘time and effort’ costs

Financial Inclusion Policy

The Government has developed a financial inclusion strategy to:
- Increase access to bank accounts and other financial products
- Provide affordable debt and money advice
- Extend the take-up of insurance products by low income individuals

Key achievements include:
- £100m Financial Inclusion Fund for 2008-11
- Establishing the Financial Inclusion Taskforce
- ‘How to Spot a Scam Money Campaign!’ and the new Financial Inclusion Champions Initiative - www.moneyadvice.com

Barriers to inclusion

Supply (industry)
- Appropriate products
- Processes
- Procedures
- Marketing

Demand (consumer)
- Financial Capability:
  - Knowledge
  - Skills
  - Confidence
  - Motivation
Financial capability consists of the skills, knowledge and confidence to manage money and use financial products effectively.

The FSA is leading on a national project to help improve people’s levels of financial capability. Anybody can struggle with this – it is not restricted to those who may face financial exclusion.

Basic literacy and numeracy skills can impact on financial capability. When considering how to assist somebody with their financial capability, where relevant these skills should be considered.

The Adult Financial Capability Framework has been devised to help people consider what constitutes being financially capable. While helping others it is important to ensure we recognize where we ourselves may have skill gaps.

**Session length:** 40 minutes (50 with optional extra activity)

*NB: when training is delivered in a single day a 20 minute break is recommended at the end of this session*
Financial capability

What do you understand by financial capability?

After discussing this, show the ‘textbook’ definition on slide 10. This not only encompasses skills and knowledge but also involves the confidence/motivation to put these into action.

Show slide 11. The Financial Services Authority (FSA) is currently leading on a National Strategy for Financial Capability. In doing this they conducted a baseline survey to gauge current levels of financial capability in the UK. Further information on this can be obtained from the FSA website. You can download their latest newsletter to find out what is currently happening.

FSA survey highlighted four main themes:

- Large numbers of people from all sections of society are not taking basic steps to plan ahead.
- The problem of over-indebtedness is not that it affects a large proportion of the population, but that when it strikes it is often severe, and that more people may find themselves in trouble in an economic downturn.
- Many people are taking on financial risks without realising it, because they struggle to choose products that truly meet their needs.
- The under-40s, on whom some of the greatest demands are now placed, are typically much less financially capable than their elders.

Introduce the graphs ‘Financial Capability in the UK: Establishing a Baseline’ on slides 12-15

- Planning ahead
- Choosing appropriate products
- Staying informed
- Making ends meet

Discuss the implications of the shapes of the graphs for the work of the participants.
Where would you place yourselves? Where would you place your clients? Have you any recent experiences where you or a client had to plan ahead/choose an appropriate product/stay informed/make ends meet?

The FSA has devised a strategy for improving financial capability. Slide 16 shows their seven priority areas, which reflect the thinking that intervention at key moments in life is the most effective.

Information leaflet ‘In brief: Financial Capability’ is a summary of Financial Capability produced by Transact, the national forum for financial inclusion, and the Resolution Foundation.

The bullets on slide 17 illustrate the effect of poor financial skills. Give examples of these to illustrate.

Slide 18 shows that there is a link between literacy, language and numeracy skills and financial capability. However, not all people who struggle with literacy, language or numeracy will necessarily have difficulties managing their finances and the converse. AdFLAG are the Adult Financial Literacy Advisory Group.

Do any of these issues apply to your clients?

If you have more time, ‘Bridging the Gap’ DVD was produced with banks and building society for their front of house staff to highlight financial literacy issues and the link to literacy and numeracy skills. Watch part 1 from Bridging the Gap DVD to re-enforce link between Skills for Life needs and financial literacy.

Does anyone have any feedback?

How do we decide what constitutes being financially capable?

One way of breaking this down is to use the Adult Financial Capability Framework (AFCaF). This is introduced on slide 19.

Give out AFCaF (if available)
Give out Handout 3 and talk though the Adult Financial Capability Framework

The Adult Financial Capability Framework is a document which covers a broad range of money management and consumer issues. It is for all those involved in financial capability education including money advisers, teachers, trainers and helpers interested in improving financial capability skills, knowledge and understanding.

AFCaF pp13 – The coding system constitutes of a component, a level of understanding and then a number, which correlates to a skill. Go through example on Slide 20.

Highlight the importance of ensuring own skills are up-to-date as invariably we all have skills gaps.

Signpost to resources for building Financial Capability on slide 21.

If you have more time, can you identify from the summary of the Adult Financial Capability Framework (page 13) the skills, knowledge, understanding and financial responsibility that clients need to open and use a bank account?

Compare their findings with slide 22.

Remind participants of underpinning literacy and numeracy skills needed in relation to the financial capability skills.

Key messages to take from this section:

- Financial capability consists of the skills, knowledge and confidence to manage money and use financial products effectively.
- The FSA is leading on a national project to help improve people’s levels of financial capability. Anybody can struggle with this – it is not restricted to those who may face financial exclusion.
- Basic literacy and numeracy skills can impact on financial capability. When considering how to assist somebody with their financial capability, where relevant these skills should be considered.
- The Adult Financial Capability Framework has been devised to help people consider what constitutes being financially capable. While helping others it is important to ensure we recognize where we ourselves may have skill gaps.

Are there questions on any of this?
What is financial capability?

"...a broad concept, encompassing people's knowledge and skills to understand their own financial circumstances, along with the motivation to take action. Financially capable consumers plan ahead, find and use information, know when to seek advice and can understand and act on this advice, leading to greater participation in the financial service market."

Source: Capability Scorecard Research Team Report
May 2015

FSA Baseline Survey has highlighted 4 main points:
1. Large numbers of diverse people are not taking basic steps to plan ahead
2. When debt strikes it is often severe
3. Many people are unconsciously taking financial risks
4. The under 40s are typically less financially capable than their elders


Planning ahead with your money

Choosing appropriate financial products

Staying informed on money matters

Making ends meet
Financial Inclusion and Bank Accounts

**FSA Strategy for Financial Capability**

Seven key priorities:
- Schools
- Young adults
- Work
- New parents
- Money Advice
- Online tools
- Consumer communication

www.fsa.gov.uk/financial-capability

**Basic Skills that can impact on Financial Capability**

There is a link between the need for adequate basic skills of numeracy and literacy and financial capability.

Local initiatives have shown that basic skills and financial capability can be delivered hand in hand.

An effective blending of objectives helps people to see the relevance to their own circumstances...

AdFLAG (2006)

**Effects of Poor Financial Skills**

A consumer with low financial capability:
- Finds it difficult to identify the financial service or product that best meets their current and future needs, lifestyle and aspirations;
- Falls victims to abusive practices from financial service companies and their agents;
- Is confused and unsure about how best to access and evaluate independent financial advice;
- Reacts to financial difficulties in a way that results in even greater problems;

‘Summary up’, AICAB 2003

**Adult Financial Capability Framework (AFCaF)**

"The Framework demonstrates that people do not have to be financial experts rather just equipped with the skills to question, challenge and seek advice to understand their financial requirements."

**Financial capability resources**

- [www.moneymattersathome.co.uk](http://www.moneymattersathome.co.uk)
  Offers a practical guide to family finance using games and activities to learn about money. Good for using with individuals who are facing a change in circumstances.
- [www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk)
  Offers facts on financial products and services to assist individuals in making informed decisions.

**Bank accounts within AFCaF**

- (a) Different types of money and payment
  - Cash, ETS
- (b) Gathering financial information and record keeping
  - ETS, IFS1, IFS2, IFS3, IFS4
- (c) Financial planning — saving, spending, budgeting
  - ETS
- (d) Gain and return
  - ETS, IFS2, IFS3, IFS4
- (e) Personal choice
  - ETS, IFS2, IFS3, IFS4, ETS
- (f) Consumer rights
  - ETS, IFS2, IFS3, IFS4, ETS
- (g) Implications of finance
  - ETS, IFS2, IFS3, IFS4
There are different types of account options available to clients, which vary in the functions they have available and therefore their suitability for different clients.

You can help ensure your clients are equipped with the relevant knowledge to make an informed decision about the account suitable for them, but you must be careful not to offer specific advice.

**Session length:** 45 minutes (60 with extras)

*NB: when training is delivered in a single day a 60 minute break for lunch is recommended at the end of this session*
### Types of accounts

**Question:** What type of accounts can be used for day to day transactions?

**Actions:**
- Show slide 23. The following types of accounts are available for direct payment of benefits and some can have wages paid in:
  - Current account
  - Basic bank account
  - Post Office card account (POca)
  - Credit Union account

Some savings accounts can also be used to receive electronic payments if necessary, but the functionality on these varies, and is not covered by this training.

**Questions:**
- Ask the group to give features for current accounts (these are listed on Handout 4 - it may be helpful to start with functions that relate to ‘making and receiving payments’, and then ‘other functions’). Write these on a flipchart and ensure understanding of terms (such as ‘direct, debit’ and ‘standing order), then compare other products against this. Give out Handout 4 with list of features complete, and ‘financial fringe’ payment method leaflet with a description of some of the terms used and point to glossary in PFH (p323) for reference. For more information on credit unions the FSA leaflet ‘Just the Facts about credit unions’ can be handed out.

**Notes:**
- Working in pairs, note down on Handout 4 the advantages and disadvantages of using the different types of accounts
- Feedback in plenary.

**Resources:**
- Slide 23
- Flipchart, paper, pens
- Handout 4: Types and Features of Accounts
- ‘Financial Fringe’ payment methods leaflet
- Handout 5: Informed Choice Discussion
- Slide 24-27
- FSA Just the Facts leaflets: Basic Bank Accounts and Credit Unions

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**Topic 3 Training session plan**

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<tr>
<th>Time Elapsed</th>
<th>Duration of section</th>
<th>Actions</th>
<th>Questions</th>
<th>Notes</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>1:50</td>
<td>45 mins</td>
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<tr>
<td>2:20</td>
<td>60 mins</td>
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<tr>
<td>Time Elapsed</td>
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<td>Questions</td>
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<tr>
<td>Duration of section</td>
<td>Actions</td>
<td>Questions</td>
<td>Notes</td>
<td>Resources</td>
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</tr>
<tr>
<td>15 mins</td>
<td>Ensure that delegates are aware of the difference between generic financial advice, and the sort of product-specific financial advice that an IFA might offer. The FSA leaflet ‘Top Tips’ gives guidance on what you can and can’t do in terms of giving guidance on money matters.</td>
<td>Intermediaries are here to answer questions and to provide as much information as possible, to enable clients to make their own informed choice, not to advise them to take a specific product from a specific provider. Resources such as the comparison tables in the FSA guide, maps of the local area, etc, can be very helpful in this.</td>
<td>If you have more time give out Handout 6</td>
<td>FSA Top tips leaflet</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ask the delegates to get into groups of 3 or 4, and introduce the different scenarios in the Decision Making Game. Each group is to take a scenario and decide which account would be most relevant. After 10 minutes each group to feedback on why they chose the account they did and why the others were less suitable. Make suggestions for possible courses of action, but emphasise that there is often no ‘right’ answer, rather just a series of ‘best-worst’ solutions!</td>
<td></td>
<td>Handout 6: Decision making game</td>
<td></td>
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</tr>
</tbody>
</table>

- There are different types of account options available to clients, which vary in the functions they have available and therefore their suitability for different clients
- You can help ensure your clients are equipped with the relevant knowledge to make an informed decision about the account suitable for them, but you must be careful not to offer specific advice.

Are there any questions on this?
Main account types
- Current account
- Basic bank account
- Post Office card account (POca)
- Credit Union account
- (Savings accounts)

Informed Choice Discussion Stage One
What’s the account for?
- Where will money come in?
- How do you want to access your money or make payments?

Informed Choice Discussion Stage Two
Explain the options:
- Quick overview
- Features and benefits
- Not branded

Informed Choice Discussion Stage Three
Decision time!
- Individual’s decision based on information and preferences
- Any limitations?

Informed Choice Discussion Stage Four
Choose your provider:
- What functions?
- What’s around?
- Application requirements?
There are several potential barriers a client may face in opening an account and different ways in which clients can be supported to overcome these.

On account opening both banks and customers enter into a contract in which they both have rights and responsibilities to each other.

Session length: 60 minutes
Opening accounts and potential barriers

Do you remember opening your bank account?

Share the types of accounts out between four groups. Give each group Post-its on which to identify each stage of the process. Give the groups 5 minutes.

Each group to come up to the flip-chart and use the Post-its to make flowcharts for the process for each type of account. Check and compare the processes. During this discussion a number of potential barriers will likely be raised. Ask participants to make notes of these now as they will be discussed next.

Give out Handout 7 and check answers against this.

Together in small groups, what are the barriers to accessing accounts that clients face?

Let them know that they have 5 minutes to discuss this, then will feed back in plenary.

Write the potential barriers suggested by the group on the flipchart. Some of these barriers may be similar to Module 1’s financial exclusion barriers. The main barriers should fall within the following areas (prompt if they don’t come up):

- Procedural barriers (e.g. credit scoring/ID/Address Verification (AV))
- Poor communication between staff and client
- Physical access
- Lack of understanding of account opening procedure
- Bank staff not following correct procedure

Explain that ID and AV will be explored shortly. For the other areas:

Does the group have any suggestions for how clients can be supported in their skills, knowledge and confidence to overcome these?
### Lead the discussion on potential ways of overcoming these. Write ideas down on the flipchart.

Suggest that some resources can help them in overcoming barriers. Give the participants time to look through the resources:

- **Bank Accounts topic in Moneymatterstome Guide** – among other suggestions, this proposes a role play as being a useful way of practicing opening a bank account.
- **Basic Bank Account section of the Financial Products Resource Pack** – Obtaining sample forms from local banks will let clients practice filling in forms, make them aware of the importance of small print and the jargon used, and prepare them for the types of question that will be asked. Sample forms are available in the Basic Bank Account section of the Financial Products Resource Pack or a range of forms from local banks could be used. Some banks will fill the form in electronically and then print the form off to be signed.
- **Credit Explained** – Detailed information on credit references can be found in the booklet Credit Explained.
- **Making Money Easier** – www.making-money-easier.info is for individuals who have difficulty with reading and writing and who want to open an account.

Introduce slide 30 and the publication Guide to Financial Capability for Social Housing Tenants, with its section on rights and responsibilities – Banking Code and security should be highlighted at this point.

Refer to Moneymatterstome section on making complaints and rights/responsibilities. This can help with overcoming barriers that arise from procedures not being followed correctly.

### Key messages to take from this section:

- There are several potential barriers a client may face in opening an account and different ways in which clients can be supported to overcome these.
- On account opening both banks and customers enter into a contract in which they both have rights and responsibilities to each other.

Are there any questions on this?
Account opening procedures

What are the processes involved in opening:
- A Current account
- A Basic account
- A Post Office Card account
- A Credit Union account

Barriers to accessing accounts

- What are the barriers to accessing accounts that clients face?

Rights and responsibilities

- The bank you buy a financial product from has a responsibility to provide clear information about how it works, the terms and conditions, and the interest rates which apply to it.
- You have a responsibility to make sure you understand the product by asking questions and reading the small print, and by making sure you can afford the payments or repayments.
ID and AV should not be a barrier to account opening. There is a long list of documents that banks can accept and this list should be requested if this is not made clear initially.

What is acceptable ID and AV to one bank or employee may not be to another – if you are unsuccessful initially then ask to see somebody else or try visiting a different bank or bank branch.

**Session length:** 20 minutes

*NB: when done as a day a 15 minute break is recommended at the end of this session*
<table>
<thead>
<tr>
<th>Time Elapsed</th>
<th>Duration of section</th>
<th>Actions</th>
<th>Questions</th>
<th>Notes</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>3:35</td>
<td>5:20</td>
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<td>20 minutes</td>
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</table>

**Identity (ID) and Address Verification (AV)**

- **Why does the group think that banks require ID and AV (does everybody understand the terms?)**
  - Talk through slide 31.

Under the Joint Money Laundering Steering Group guidance banks are required to check proof of identity and address to ensure accounts aren’t being opened for fraudulent or terrorist use. There is no legislation that dictates exactly what documents are acceptable as proof of identity and address, and it is up to individual banks to interpret the FSA’s guidance and that of the Joint Money Laundering Steering Group (JMLSG). It is important to remember that it is the personal responsibility of the bank employee who accepts the ID to check that it is acceptable.

- **Introduce the concept of short ID and AV lists and long ID and AV lists.**
  - Often banks will only advertise a ‘short list’ of acceptable ID which will tend to be documents such as passports and utility bills which clients may not be able to provide. Most banks will also provide a longer list of acceptable documents which will include things like Letters of entitlement to DWP benefit, which may be easier to get hold of. Remember to ask in the branch to see their long list. If a bank employee is unsure as to what extra documents they can accept then ask to see somebody else.

- **Show slide 32 – ID and AV short list**
  - How many of your clients could provide documents from this short list?

- **Show slide 33 – ID and AV longer list**
  - How many of your clients could provide documents from this longer list?

- **Handout 8: Proving your Identity. Ask participants to refer to the ‘ID Guide: How to prove your identity’ to identify alternative types of evidence that their clients might have.**

Slide 31

Slide 32 and 33

Handout 8: Proving your Identity

ID Guide: How to prove your identity – Toynbee Hall
The information is potentially subject to change both month to month, and branch to branch (as well as bank to bank, of course). You can capture information about what local banks accept on the template grid on Handout 8.

Remember that different individuals within different branches of different banks may be willing to accept different documentation, and some branch managers have discretion, whereas other banks will use a central processing team to make decisions.

Introduce slide 34 on improving weak ID and AV. Go through the points.

If ID and AV is still an obstacle then one way of overcoming this is to form local arrangements between intermediaries and bank branches. This will be looked at in the next section.

**Key messages for this section:**
- ID and AV should not be a barrier to account opening. There is a long list of documents that banks can accept and this list should be requested if this is not made clear initially.
- What is acceptable ID and AV to one bank or employee may not be to another – if you are unsuccessful initially then ask to see somebody else or try visiting a different bank or bank branch.

Are there any questions on this?
Money laundering and financial exclusion

A firm should ensure that systems and controls include appropriate measures to ensure that procedures for identification of new customers do not unreasonably deny access to its services to potential customers who cannot reasonably be expected to produce detailed evidence of identity. FSA Handbook SYSC 6.3.7

Identity (ID) and Address Verification (AV) short list:

- Full UK/EU passport
- ID card from another EU country
- UK or EU photocard driving licence
- Full older style driving licence
- DWP benefit or pension entitlement letter
- Recent utility bill (not a mobile telephone bill)
- UK or EU photocard driving licence
- Full older style driving licence
- DWP benefit or pension entitlement letter

ID and AV longer list:

- HMRC tax code notification letter
- Construction Industry Tax exemption certificate with photograph of holder (CIETC) and CIE
- Northern Ireland Variance card
- UK Armed Forces ID card
- Letters from a community member in a position of trust
- Locally-arranged documents through an intermediary
- HMRC tax code notification letter
- Recent statement from another FSA registered institution
- Recent council tax bill or payment book
- Local council or RSL tenancy agreement

And others – see the Towner Hall guide to proving your ID. Remember to ask in your branch to see their long list.

Improving weak ID and AV:

Weak ID and AV can be improved by:
- Having at least 1 piece of photo ID (particularly government documents)
- Ensuring documents are as up to date as possible
- Matching names, date of birth and address
- Proving (e.g. to the manager) that the customer should not be expected to have the items on the ‘short’ ID list
- Having a connection to the bank, e.g. a relative has an account already
It is a useful exercise to scope your local financial institutions to ensure you know where they are, how they can be contacted, and to keep any notes on past experiences.

Building relationships with local bank branches is a great way to ensure your clients’ needs are met by that branch. Most (but not all) managers will respond positively to you if you approach them in a professional manner.

**Session length:** 20 minutes
Working with local financial institutions

It is important to ensure that you are aware of where your local bank branches are as well as additional information such as local cash machines/credit unions/post offices. One way to map these is to use Google Maps (http://maps.google.co.uk/). This also allows you to keep up to date contact information and any other notes on previous visits. This can also be helpful to clients during the account decision making process.

If possible, demonstrate how Google Maps can be used to conduct a bank scoping exercise.

Does anyone already have a connection with a local bank?

Discuss any examples the group may have, how they were established and how they work.

What are the benefits of having a connection with a local bank? (Remember, benefits may be to you and your clients or to the bank)

Benefits to the individual/intermediary include:
- Understanding ID/AV needs
- Building a special relationship
- Arranging appointments/referrals systems
- Joint work in the community
- Providing a service, and answering questions (the banks)
- Identifying branch issues and understanding their targets

Benefits to the bank include:
- Joint work in the community
- Better understanding of local community and different client groups
- Volunteering opportunities
- An improved service

Resources

Internet resource - Mapping the local financial institutions (you will need to create this yourself via Google maps)

Slide 35 and 36
## Financial Inclusion and Bank Accounts

**Slide 37**

<table>
<thead>
<tr>
<th>Time Elapsed (section duration)</th>
<th>Notes</th>
</tr>
</thead>
</table>

### Actions

- Does anyone have any suggestions as to how these can be established?

### Questions

- Talk through the following steps in working with local financial institutions:
  - Identify the local branches of banks, building societies, Post Offices, Credit Unions and ATMs (free and charging).
  - Visit branches at a quiet time.
  - Need to come across as a professional, e.g., dress, badge, sample paperwork.
  - Gather a range of material from each of the local branches.
  - Be constructive.
  - Arrive to meet the local branch managers to outline the work you do.

### Resources

- Remember, your ability to form a relationship with a local branch will always depend on the manager in that branch. Some may be more receptive to you than others. If you have a bad experience with one branch then don’t put you off approaching others.

### Key Messages for this section:

- It is a useful exercise to scope your local financial institutions to ensure you know where they are, how they can be contacted, and to keep any notes on past experiences.
- Building relationships with local bank branches is a great way to ensure your clients’ needs are met by that branch. Most (but not all) managers will respond positively to you if you approach them in a professional manner.
Benefits for you and your client of working with local branches

- Understanding ID/AV needs
- Building a special relationship
- Arranging appointments/referrals systems
- Joint work in the community
- Providing a service, and answering questions (the banks)
- Identifying branch issues and understanding their targets

Benefits for the bank of working with local branches

- Joint work in the community
- Better understanding of local community and different client groups
- Volunteering opportunities
- An improved service

How to form relationships with your bank

Identify the local branches of banks, building societies, Post Offices, Credit Unions and ATMs (free and charging).
Visit branches at a quiet time.
Come across as a professional, e.g. dress, badge, sample paperwork.
Be constructive.
Gather a range of material from each of the local branches.
Arrange to meet the local branch managers to outline the work you do.
Outline benefits on previous slides.
Clients may well require additional support from you in managing their accounts and the resources to help you do this are available. Clients should also be aware that if they are experiencing specific problems with an aspect of their banking then they can approach their banks with this and they may be able to offer additional assistance.

**Session length:** 45 minutes (including 15 minute wrap-up)
Supporting clients in managing accounts

This section will signpost those on the training to suitable resources for assisting their clients in using accounts. Clients may well need a wide range of support with managing accounts.

Give out Handout 9. Ask participants to select those areas on Handout 9 that they feel their clients need support with. Select those areas that come up the most frequently and, referring to Handout 9, demonstrate how the relevant resource can be used to support a client.

Introduce the resources that can be used, who they were produced by, how they can be obtained (including whether there is any cost), and what they can be of help with:

- Money Power CD Rom (NIACE)
- Money Matters to Me website, book and CD Rom (NIACE)
- Money-go-Round CD Rom (once purchased this can be copied for clients) (NIACE)
- Personal Finance Handbook (Toynbee Hall)
- Colossal Cards (NIACE)
- Guide to Financial Capability for Social Housing Tenants (Toynbee Hall and the National Housing Federation)
- Financial Products Resource Pack – Basic Bank Account section (NIACE)

It is also worth noting that clients are able to approach their bank if they have specific problems and the bank should respond sympathetically to this and may be able to offer additional assistance.

Are there any questions on this
### Key messages for this section:
- Clients may well require additional support from you in managing their accounts and the resources to help you do this are available. Clients should also be aware that if they are experiencing specific problems with an aspect of their banking then they can approach their banks with this and they may be able to offer additional assistance.

### What next?

- **Give out Handout 10**
- **Check the list made at the start of the session to see if everything has been covered.**
- **Gather together what the group feel are the key messages and compare with Handout 10.**
- **Use your own evaluation forms to get training feedback if you require this.**
- **Reflect on the content covered and your own next steps.**

**End**
Assisting clients in managing their accounts

Useful resources include:
- Money Planner CD Rom (Basic Skills Agency)
- Money Matters to Me website, book and CD Rom (N/ACE)
- Money-Go-Round CD Rom (once purchased this can be copied for clients)
- Personal Finance Handbook (Toynbee Hall)
- Calvisay Cards (BSA)
- Guide to Financial Capability for Social Housing Tenants (Toynbee Hall and the National Housing Federation)
Aim:
• Introduce the concepts of financial exclusion, financial inclusion and financial capability
• Enable intermediaries to support clients opening and using bank accounts

Learning Outcomes:
• Understand the effects of financial exclusion and the benefits of financial inclusion
• Understand the benefits of increasing levels of financial capability
• Understand the format and structure of the Adult Financial Capability Framework (AFCaF)
• Understand the banking options available to clients
• Understand how to support clients to select, open and use the most appropriate type of account for their needs
• Understand how to work effectively with local financial institutions

Content:
• Financial exclusion
• Financial inclusion
• FSA Strategy
• Effects of poor financial capability
• Literacy, Numeracy and Finance
• Adult Financial Capability Framework AFCaF
• The account options available
• The different features of accounts
• The account opening procedures for each type of account
• Typical barriers and ways to overcome barriers to accessing banking services
• Typical ID and AV required by the bank
• Working with local banks
• Supporting clients

Resources (if available):
• Adult Financial Capability Framework
• Personal Finance Handbook
• Financial Capability – Establishing a Baseline
• Bridging the Gap DVD
• Moneymatterstome Guide
• Money-go-Round CD-Rom
• MoneyPower CD-Rom
• Colossal Cards
• Financial Products Resource Pack – Basic bank account section
• Toynbee Hall Guide to ID
• Guide to Financial Capability for Social Housing Tenants

Useful websites:
The Personal Finance Handbook defines Financial Exclusion as:

“Exclusion from particular sources of credit and financial services (including insurance, bill-payment services, credit and accessible and appropriate deposit accounts)”

pp 2-4

Causes

- **Geographic and access problems**
  Access to banks and financial advice is limited in rural areas and also poorer urban areas - financial firms prefer to target wealthier people, so may be few e.g. bank branches in a poor area. Disability can make it hard to visit branches or use information.

- **Language and cultural barriers**
  People for whom English is a second language may sometimes require extra support to understand products and processes. Consumers’ cultural and religious views may also restrict access to products.

- **Unsuitable and confusing products**
  Financial products may be poorly designed for low-income consumers. Consumers with low literacy, numeracy and language skills may not have the skills and confidence to ask questions or persist if run into initial barriers proving identity for money laundering reasons. Product small print can be complex and confusing which can prevent take up by the consumer.

- **Pre-conception and past experience**
  Consumers may often feel that financial firms are not interested in people on low incomes. Others may have been turned down in the past or have family or friends who have been turned down.

- **Procedural barriers**
  People may face restrictions to some products brought about by credit checks. In addition to this, under money laundering regulations firms are required to check the identity and address of new customers and may sometimes be inflexible when it come to a customer who has difficulties producing documents to prove their ID.

<table>
<thead>
<tr>
<th>Financial effects</th>
<th>Social effects</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No access to affordable credit deals:</strong></td>
<td><strong>Access to goods and services:</strong></td>
</tr>
<tr>
<td>Some financial products require a customer be credit checked before purchasing. Financial exclusion often leads to a poor or no credit history.</td>
<td>Being unable to make payments on debit or credit cards restricts where a person can buy from. In addition to this payments for goods can’t be spread.</td>
</tr>
<tr>
<td><strong>Vulnerable to financial shocks:</strong></td>
<td><strong>Access to Welfare:</strong></td>
</tr>
<tr>
<td>Change of circumstance like illness or car breaking down can result in debt occurring.</td>
<td>The majority of welfare payments require an account to be paid into.</td>
</tr>
<tr>
<td><strong>Denied other products:</strong></td>
<td><strong>Employability:</strong></td>
</tr>
<tr>
<td>No bank account means that competitive lending rates are sometimes denied.</td>
<td>Many jobs will exclude people who don’t have a bank account to pay wages into.</td>
</tr>
<tr>
<td><strong>Forced to pay more:</strong></td>
<td><strong>Non-financial costs:</strong></td>
</tr>
<tr>
<td>Utility companies give discounted rates for consumers who pay by direct debit. Lack of debit and credit cards mean offers on the Internet can not be accessed.</td>
<td>The costs may also be non-financial, such as increased time and effort taken to pay for services.</td>
</tr>
</tbody>
</table>
The Adult Financial Capability Framework is a document which covers a broad range of money management and consumer issues. It is for all those involved in financial capability education including money advisers, teachers, trainers and helpers interested in improving financial capability skills, knowledge and understanding. The Framework aims to bridge the gap between personal finance education which is taught within the school curriculum and full engagement with financial services systems through the Financial Services Authority adult learning programme ‘Learn on Line’. It is a working document which will be a practical tool to assess potential financial capability needs and identify how they can be supported by basic skills learning.

**How the framework can be used**

The framework can be used by money advisers or tutors to plan their work with adults or to help them to understand the needs of the people who have come to them for help. It will, therefore, help in the provision of generic advice to adults. People with financial capability needs may also have a need to improve their basic literacy and/or numeracy. The framework may help advisers see that difficulties may stem from e.g. not being able to do percentages, read a leaflet or fill in a form as well as not understanding how to resolve their debt problems.

The framework is linked to the adult basic skills core curricula both to indicate the level of basic skills required to take financial decisions and make informed choices and, also, to assist basic skills specialists to see where financial capability education can be used to deliver literacy and numeracy objectives. The framework also demonstrates that people do not have to be financial experts rather just equipped with the skills to question, challenge and seek advice to understand their financial requirements. Contained within the framework are examples of activities illustrating how practitioners might translate the knowledge, skills and understanding into practical ideas for learning opportunities.

**Sensitive issues**

People need to appreciate they make both logical and emotional financial choices. Inevitably, sensitive or controversial issues will arise based on personal circumstances, culture or attitudes. Anyone working in the field of financial capability needs to be aware of the full range of factors which can influence a person’s decision making when it comes to financial matters. It is important that these are considered appropriately and ground rules are set. Case studies and generic material can be helpful when beginning to explore financial choices and decisions as they provide safety. However, using personal information can provide powerful learning opportunities due to the immediacy and relevance of the data. The aim of the framework is to provide individuals and groups with the tools to develop the skills, knowledge and understanding to explore making financial decisions. Having gained financial skills, knowledge and understanding learners will be able to make effective and informed decisions in their own lives.

**How to get hold of a copy**

A free copy of the Adult Financial Capability Framework can be downloaded via http://shop.niace.org.uk/.
# Handout 4 Types and Features of Accounts

<table>
<thead>
<tr>
<th>Features</th>
<th>Current account (typical)</th>
<th>Basic bank account (typical)</th>
<th>Post Office Card</th>
<th>Credit Union (typical)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash card</td>
<td>Cash card</td>
<td>Cash card</td>
<td>POCA Card</td>
<td>Interest on credit balance</td>
</tr>
<tr>
<td>Debit card</td>
<td>Debit card (some – sometimes solo/electron)</td>
<td>Debit card</td>
<td>PIN</td>
<td>Monthly statements</td>
</tr>
<tr>
<td>PIN</td>
<td>PIN</td>
<td>PIN</td>
<td>Electronic receipt of state benefits, pensions and tax credits ONLY</td>
<td></td>
</tr>
<tr>
<td>Cheque book</td>
<td>Standing Order (some)</td>
<td>Direct debits</td>
<td>Access at Post Office counters, during opening hours ONLY</td>
<td></td>
</tr>
<tr>
<td>Cheque guarantee card</td>
<td>Electronic transfers (benefit, salary, individuals)</td>
<td>Standing Order (some)</td>
<td>Monthly statements</td>
<td></td>
</tr>
<tr>
<td>Direct debits</td>
<td>Some offer counter service in bank branches</td>
<td>Electronic transfers (benefit, salary, individuals)</td>
<td>NO wages, Local Housing allowance, cash, cheques or occupational pensions can be deposited</td>
<td></td>
</tr>
<tr>
<td>Standing orders</td>
<td>Withdrawals via Post Office counters</td>
<td>Some offer counter service in bank branches</td>
<td>NO direct debit, or standing orders</td>
<td></td>
</tr>
<tr>
<td>Electronic transfers (benefit, salary, individuals)</td>
<td>Cash and cheque deposits via deposit points and machines, and in Post Office ATM network</td>
<td>Withdrawals via Post Office counters</td>
<td>NO debit card</td>
<td></td>
</tr>
<tr>
<td>Counter service in bank branches</td>
<td>Online and Telephone banking</td>
<td>Cash and cheque deposits via deposit points and machines, and in Post Office ATM network</td>
<td>Interest on credit balance</td>
<td></td>
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<tr>
<td>Cash and cheque deposits via deposit points and machines, and a few in Post Office ATM network</td>
<td>Monthly statements</td>
<td>Interest on credit balance</td>
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<td></td>
</tr>
<tr>
<td>Online and Telephone banking</td>
<td>Interest on credit balance</td>
<td>Pay points</td>
<td>Counter service in branches of that credit union</td>
<td></td>
</tr>
<tr>
<td>Monthly statements</td>
<td>Access to loans and savings</td>
<td>Access to loans and savings</td>
<td>Interest on credit balance</td>
<td></td>
</tr>
<tr>
<td>Interest on credit balance</td>
<td>Access to free financial advice (e.g. bank manager)</td>
<td>Access to loans and savings</td>
<td>Access to further services (e.g. loans, insurance)</td>
<td></td>
</tr>
<tr>
<td>Access to credit (e.g. overdraft – arranged and unarranged)</td>
<td>Access to free financial advice (e.g. bank manager)</td>
<td>Access to loans and savings</td>
<td>Access to further services (e.g. loans, insurance)</td>
<td></td>
</tr>
<tr>
<td>Access to further services (e.g. loans, insurance)</td>
<td>Access to free financial advice (e.g. bank manager)</td>
<td>Access to loans and savings</td>
<td>Access to further services (e.g. loans, insurance)</td>
<td></td>
</tr>
<tr>
<td>Access to free financial advice (e.g. bank manager)</td>
<td>Access to free financial advice (e.g. bank manager)</td>
<td>Access to loans and savings</td>
<td>Access to further services (e.g. loans, insurance)</td>
<td></td>
</tr>
</tbody>
</table>

## Advantages

- Interest on credit balance
- Monthly statements
- Counter service in branches of that credit union
- Interest on credit balance
- Pay points
- Access to loans and savings
- Some offer current account with ATM Card/Debit card

## Disadvantages

- Interest on credit balance
- Monthly statements
- Counter service in branches of that credit union
- Interest on credit balance
- Pay points
- Access to loans and savings
- Some offer current account with ATM Card/Debit card

---

Financial Inclusion and Bank Accounts 4.3
Before starting, find out if the person has an existing account which may be appropriate and, if so, whether:

- They can still access it (i.e., do they have appropriate cards, passbook etc, is money going in to it going to be taken to pay off historic debts?)
- They know how to use it
- It is still appropriate for their needs

<table>
<thead>
<tr>
<th>Stage</th>
<th>What’s the account for?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stage 1</strong>&lt;br&gt;What’s the account for?</td>
<td>Is it only for receiving DWP/HMRC benefits, or will other money be paid in, such as wages, Local Housing Allowance, cash, cheques etc?&lt;br&gt;- Yes – any of the four account types may be appropriate&lt;br&gt;- No – only a credit union account, basic bank account or current account may be appropriate</td>
</tr>
<tr>
<td><strong>Stage 2</strong>&lt;br&gt;Explain appropriate account types available</td>
<td>How do they want to access their money?&lt;br&gt;- Via the Post Office&lt;br&gt;- By writing cheques&lt;br&gt;- By getting cash from an ATM&lt;br&gt;- By setting up Direct Debits or Standing Orders&lt;br&gt;- Face-to-face in a branch&lt;br&gt;- Paying in shops or online with a debit card</td>
</tr>
<tr>
<td><strong>Stage 3</strong>&lt;br&gt;Client makes a decision on the account type</td>
<td>Refer to the account features comparison table to establish which of the account types have the appropriate functions&lt;br&gt;- Give a brief description of the types of account&lt;br&gt;- Explain the main functionality of each account type and how it meets their needs&lt;br&gt;- Keep the descriptions unbranded at this stage</td>
</tr>
<tr>
<td><strong>Stage 4</strong>&lt;br&gt;Support client to select a provider for their chosen account type</td>
<td>This should be the client’s own decision based on the previous stages, and considering factors that may limit choice:&lt;br&gt;- Do they have a history of bad debts, a record of fraud or are an undischarged bankrupt – if so this may restrict access to certain accounts (e.g., credit checks for current accounts or restrictions on certain basic bank accounts)&lt;br&gt;- Is there a credit union to which they could belong – use the search facility on the ABCUL website <a href="http://www.abcul.org">www.abcul.org</a>&lt;br&gt;- Do they have historic debts with a specific bank that may result in money being taken from any new account with that bank?</td>
</tr>
</tbody>
</table>

Again this should be the client’s own decision, based on information such as:

- Functions of account offering from various providers (refer to banks’ literature and comparison tables such as in FSA Basic Bank Account leaflet)
- Local provision of branches, ATMs and opening times etc
- Individual preferences for certain brands
- ID and Address Verification requirements from various providers

You can then support the client to exercise their choice of account and understand how to use it
### Account Choice Discussion

<table>
<thead>
<tr>
<th>Money in</th>
<th>Cash out</th>
<th>Other Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits, state pension, tax credits</td>
<td>Wages and other payments</td>
<td>Withdraw cash from counter at bank or building society</td>
</tr>
<tr>
<td><strong>Current account (most offer)</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Basic Bank account</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Savings account</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Post Office® card account</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

1. Some independent operators may charge if a customer withdraws money from their cash machines, but a message will be displayed advising the customer before the transaction is completed.
2. Only available with some banks.
3. Available with most accounts but check availability with the bank or building society.
4. Some accounts have a small (c.£10.00) buffer zone.

Based on a desk aid produced by Jobcentre Plus.
**Older people**
Deborah is recently widowed and approaching her 60th birthday. She lives in housing provided by the council and knows that she needs an account to receive her state benefit and housing allowance but has never been confident when dealing with large organisations. She doesn’t work and finds it difficult to travel long distances.

**Living in a refuge**
Sandra has survived an abusive relationship and currently lives in a refuge. While she already has a joint account she has never had full control of her own finances and for security reasons would like to open a new account with a different provider. Although she currently does not work, she receives DWP benefits and, once she is more settled, would like to look for a job.

**Living in a hostel**
Alex declared himself bankrupt when he lost his job 3 years ago and has since then experienced street homelessness and substance misuse. He was recently accepted into a support programme that offers its clients housing and is hoping that this offers him the chance to start rebuilding his life and get back into employment.

**New migrant**
Janis has lived in the UK for 12 months and has steady employment with a construction company where he is paid weekly in cash. He has lived at the same address since his arrival in the UK and uses his weekly income to pay for food, rent, travel and council tax. At the end of each week he usually has a little bit of money left over and is concerned about keeping this safe. He would also like to be able to visit his family in Latvia but cheaper tickets are only available when booking with online operators.

**Learning disability**
Devon has a learning difficulty and is moving out of home into supported housing. In addition to benefits, he would like to get a part time job to help him secure his independence. He will receive ongoing assistance from care workers and would like to have the option of paying them without having to keep large amounts of cash in his home.
Has the individual decided which CURRENT account they want and from which provider?

Yes

Contact provider by:
- Visiting branch
- Telephone
- Internet

Does the individual require assistance?

Yes

Make appointment

No

Can you apply now?

Yes

Make application
- Written application
- Electronic application
- Telephone application

NB: the form will require (or staff will ask) personal details, such as employment status, monthly income and address/address history. These questions are part of the account opening procedure asked to all new customers and clients should be prepared to answer them.

- Application checked
- Credit scored
- Money laundering process (ID and AV check)

Has the individual passed?

Yes

Account opened with immediate effect or within two weeks. Individual is sent:
- A/c number and sort code
- Relevant documents
- Cheque book, cards and PIN

No

More support needed

Consider another product/provider with less stringent requirement
Handout 7 Flow Diagram – opening an account

**BASIC BANK ACCOUNT**

Has the individual decided which BASIC bank account they want and from which provider?

- YES
  - Contact provider by:
    - Visiting branch
    - Telephone
    - Internet

- NO
  - Conduct Informed Choice Discussion

Does the individual require assistance?

- YES
  - Make appointment

- NO
  - Can you apply now?

- YES
  - Make application
    - Written application
    - Electronic application
    - Telephone application

  NB: the form will require (or staff will ask) personal details, such as employment status, monthly income and address/address history. These questions are part of the account opening procedure asked to all new customers and clients should be prepared to answer them.

- NO
  - Can you apply now?

  - YES
    - Application checked
    - Check for CCJs or bankruptcies
    - Money laundering process (ID and AV check)

  - NO
    - More support needed

Has the individual passed?

- YES
  - Account opened with immediate effect or within six weeks. Individual is sent:
    - A/c number and sort code
    - Relevant documents
    - Cheque book, cards and PIN

- NO
  - Consider another product/provider with less stringent requirement
Handout 7 Flow Diagram – opening an account

CREDIT UNION ACCOUNT

Is there a CREDIT UNION the individual can demonstrate a ‘common bond’ with e.g. as you live/work in the area? (If unsure visit www.abcul.org)

YES

Contact credit union by:
- Visiting branch
- Telephone
- Internet

Does the individual require assistance?

YES

Make appointment

NO

Conduct Informed Choice Discussion to find alternative

Can you apply now?

YES

Make application
- Written application
- Electronic application

NB: the form will require (or staff will ask) personal details, such as employment status, monthly income and address/address history. These questions are part of the account opening procedure asked to all new customers and clients should be prepared to answer them.

Applicant checked
- Possible credit check
- Money laundering process (ID and AV check)

Has the individual passed?

YES

Account opened with immediate effect. A small joining fee may sometimes be required. Individual is sent:
- A/c number and sort code
- Cards and PIN

NO

More support needed

Consider another product/provider with less stringent requirement

NB: The process may differ slightly between credit unions
Financial Inclusion and Bank Accounts

Visit the Post Office and, using the PID, obtain an application form.

Does the individual require assistance?

YES

Visit the Post Office and, using the PID, obtain an application form.

NO

Conduct Informed Choice Discussion to find alternative

Has the individual obtained a Personal Invitation Document (PID) from the Job Centre Plus to open a POCA with?

YES

Visit the Post Office and, using the PID, obtain an application form.

NO

Conduct Informed Choice Discussion to find alternative

Make appointment

Make application

Written application
This will ask for the individual’s name, address and some security questions so they can be identified over the telephone. If an individual does not have ID they will be asked to tick a box to state this.

- The form is sent to a Central Office for processing

Has the individual passed?

YES

Account opened within 10 working days of application being received. The card can then be picked up from the post office. Individual is sent:
- Account details
- A PIN

NO

Phone helpline to resolve issues: 08457 223 344

Handout 7 Flow Diagram – opening an account

POST OFFICE CARD ACCOUNT
Proving your identity and address

### Proof of Identity
- Full UK/EU Passport
- Identity card from another EU country
- UK or EU photocard driving licence
- Full older style driving licence
- DWP benefit or pension entitlement letter
- HMRC tax code notification letter
- Construction Industry Tax exemption certificate with photograph of holder CIS4 and CIS6
- Northern Ireland voters card
- UK Armed Forces ID card

### Proof of Address
- UK or EU photocard driving licence
- Full older style driving licence
- DWP benefit or pension entitlement letter
- HMRC tax code notification letter
- Recent utility bill (but not a mobile telephone bill)
- Recent statement from another FSA registered institution (e.g. bank, insurer, credit card company)
- Recent council tax bill or payment book
- Local council or Registered Social Landlord tenancy agreement (but not private tenancy agreement)

### Relevant guidance
- A firm should ensure that systems and controls include appropriate measures to ensure that procedures for identification of new customers do not unreasonably deny access to its services to potential customers who cannot reasonably be expected to produce detailed evidence of identity. FSA Handbook SYSC 6.3.7

- If the inability [to identify] is caused by the customer not possessing the right documents or information, the firm should consider whether there are any other ways of being reasonably satisfied as to the customer’s identity. JMLSG, 5.4.9

- Some customers may not be able to produce identification information equivalent to the standard...The firm will therefore need an approach that compensates for the difficulties that such customers may face in providing the standard evidence of identity. JMLSG, 5.4.44

- Before you become a customer, we will tell you what information we need from you to prove your identity (by law, we have to check your identity). The Banking Code (2008)

- Subscribers [to the code] are encouraged to adopt a flexible approach and put in place procedures to deal with exceptional cases where applicants may not have the usual documents. In such cases, the customer should be asked what evidence of their identity/address they can produce and the case may be referred to a more senior person or special unit, which can then decide on the acceptability of the evidence that the applicant can provide. The Banking Code: Guidance for subscribers (2008)
Complete the table showing which documents are acceptable to prove Identity (ID) or for Address Verification (AV) in your local banks.

<table>
<thead>
<tr>
<th>Bank name e.g. Barclays, HSBC</th>
<th>ID</th>
<th>AV</th>
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<th>AV</th>
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<td>Other Passports</td>
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<td>DWP Letter confirming rights to benefit/pension</td>
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<td>Tax Code Notification (P2)</td>
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<td>Local Authority Tenancy Agreement</td>
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<td>Home Office Leave to Remain Document</td>
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<td>Utility Bill</td>
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<td>Council Tax Bill</td>
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<tr>
<td>Birth Certificate</td>
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<td>NHS Medical Card</td>
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<td>Electoral Roll registration</td>
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</tbody>
</table>
| 1 | Letter writing | MoneyPower CD Rom  
Training tool – letter writing |
|---|---|---|
| 2 | Form filling | Money-Go-Round CD Rom  
Fill in a form  
Financial Products  
Resource Pack – Basic bank account application form |
| 3 | Reading | MoneyPower CD Rom  
Training tool – reading  
Financial Products  
Resource pack – Basic bank account leaflets |
| 4 | Writing cheques | MoneyMatterstone website: What money is – cheques |
| 5 | Asking questions | Money-Go-Round CD Rom  
Talk to experts |
| 6 | Listening | Money-Go-Round CD Rom  
Talk to experts  
MoneyPower CD Rom  
Training tool – Listener |
| 7 | Key in and interpret money calculations with a calculator | Money-Go-Round CD Rom – Using a calculator |
| 8 | Recording money in, money out and working out balance | Money-Go-Round CD Rom – Use and check your account |
| 9 | Recording debit card transactions | Colossal Cards: debit card (use to discuss ways of recording) |
| 10 | Overdrafts | Personal Finance Handbook – p26 and p31 |
| 11 | Cleared and uncleared balances | Personal Finance Handbook – p21 |
| 12 | Using a cash machine | MoneyMatterstone website: interactive workshop – ATM  
Money-Go-Round CD Rom – Use a cash machine |
| 13 | Features of accounts | Guide to Financial Capability for Social Housing Tenants p25  
Colossal Cards |
| 14 | Security | Moneymadeclear website – Staying safe |
| 15 | Wild card |  |
Financial exclusion is a term that is commonly defined as being excluded from financial goods and services. However, the impact this exclusion can have goes beyond the financial to form a part of wider social exclusion.

Financial exclusion is a state, not a trait. People may move into becoming financially excluded and may move out of being financially excluded.

Barriers that exclude an individual may be thought of as existing either on the ‘supply’ side or the ‘demand’ side. Many ‘demand side obstacles’ can be the result of low skill, knowledge, motivation and/or confidence levels. An intermediary’s work often focuses on assisting clients with this.

Financial capability consists of the skills, knowledge and confidence to manage money and use financial products effectively.

The FSA is leading on a national project to help improve people’s levels of financial capability. Anybody can struggle with this - it is not restricted to those who may face financial exclusion.

Basic literacy and numeracy skills can impact on financial capability. When considering how to assist somebody with their financial capability, where relevant these skills should be considered.

The Adult Financial Capability Framework has been devised to help people consider what constitutes being financially capable. While helping others it is important to ensure we recognize where we ourselves may have skill gaps.

There are different types of account options available to clients, which vary in the functions they have available and therefore their suitability for different clients

You can help ensure your clients are equipped with the relevant knowledge to make an informed decision about the account suitable for them, but you must be careful not to offer specific advice.

There are several potential barriers a client may face in opening an account and different ways in which clients can be supported to overcome these.
On account opening both banks and customers enter into a contract in which they both have rights and responsibilities to each other.

ID and AV should not be a barrier to account opening. There is a long list of documents that banks can accept and this list should be requested if this is not made clear initially.

What is acceptable ID and AV to one bank employee may not be to another – if you are unsuccessful initially then ask to see somebody else or try visiting a different bank or bank branch.

It is a useful exercise to scope your local financial institutions to ensure you know where they are, how they can be contacted, and to keep any notes on past experiences.

Building relationships with local bank branches is a great way to ensure your clients’ needs are met by that branch. Most (but not all) managers will respond positively to you if you approach them in a professional manner.

Clients may well require additional support from you in managing their accounts and the resources to help you do this are available. Clients should also be aware that if they are experiencing specific problems with an aspect of their banking then they can approach their banks with this and they may be able to offer additional assistance.