



**Fair  
Credit  
Charity**

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# Financial Education: A Road to Financial Inclusion?

**September 2024**



# Introduction

The UK's financial literacy rates are poor, especially when benchmarked against other high-income economies around the world. Nearly 24m UK adults have poor financial literacy. The OECD estimated that 10m people – a fifth of all UK adults – are financially illiterate. More recently, the FCA revealed that 14.6m UK adults were either not coping financially, or finding it difficult to cope.

Many people facing financial difficulties cite poor money management skills as a significant factor. However, it is equally important to recognise that inadequate income is often at the core of these issues. Financial problems can stem from a lack of financial literacy, but they are also exacerbated by rising costs of energy, housing, and food, which often outpace increases in wages or government benefits. This combination leads to financial stress and personal debt. Truly addressing gaps in financial education, therefore, requires a comprehensive and holistic approach, considering related factors including income and socio-economic background.

## **What we looked at**

*To understand the financial educational needs of people from low-income backgrounds, the Fair Credit Charity (FCC) recently contacted 1,000 customers of ethical lender Fair for You. These respondents represent a diverse subset of people from low-income backgrounds: 80% are female; 62% have an annual income of less than £25,000; and 25% are unable to work because of a disability or long-term chronic condition. This report reflects on the main findings and insights of that research.*

*While our research supports other literature in this space, it is notably different from many previous studies as it asks those in need of support for their views on the ideal design of financial literacy plans.*

## **About the Fair Credit Charity**

*Established in 2015, the Fair Credit Charity is an anti-poverty charity, registered in England and Wales (1161809) and in Scotland (SC046556). It is the outright owner of award-winning ethical lender Fair for You, which supports customers facing financial inclusion, working with retail partners including Iceland Foods, Whirlpool, Argos, Dunelm, ChemistDirect and more.*

# Key Findings

## Need for Financial Education



***Nothing would stop me. I would be more [than] willing to train***

*Unemployed female, aged 35 to 44, financial knowledge rating 5.*

**We asked 1,000 people how they rate their financial knowledge out of 5, where 5 is excellent and 1 is poor.**

## 4.1

The average rating of financial knowledge was **4.1**

## 50%

Half of the people surveyed **agreed** that they would **benefit** from **free access** to financial **knowledge** and **skills education** to help manage their money.

## 4 out of 5

Four out of five respondents who had **completed financial education training** **found it helpful**, only one person found it unhelpful

The correlation between economic deprivation and levels of financial understanding is well researched. [Financial Times and Ipsos Mori research](#) found that already vulnerable communities find their problems worsened by low levels of knowledge about how debt interest is calculated, how it compounds, and ways to mitigate risk or budget effectively. Our findings align with the overall suggestion that access to financial education could improve the ability for people on low incomes to manage their finances. However, when people were asked about their financial literacy without an accompanying test, like that done in the FT/ Ipsos research, most of our respondents actually felt that they already had a very good level of financial knowledge.

The majority of respondents (43%) who rated their financial knowledge as below average (3 or lower) expressed that they would benefit from free access to financial education and skills training to help manage their money. Most also highlighted the conflicts they faced with accessing financial education, with barriers including finding the time to seek out these resources, and knowing where to start.

It is important to note that while half of the respondents believed they would benefit from free access to financial education and skills to better manage their money, the other half did not share this view. Some participants cited a lack of interest or perceived need for such education. This suggests that experiencing financial difficulties does not necessarily equate to a demand for financial education, further indicating that financial literacy is not always perceived as the underlying issue.



***I don't need this [I] already have plenty of knowledge. Just wish I had the income to match the knowledge.***

*Unemployed female, aged 45 to 54, financial knowledge rating 4.*

## Topics of Interest

The top 6 topics were:

**13%**

Budget Planning

**12%**

Credit Scores

**12%**

Benefits

**10%**

Pensions

**10%**

Debt Advice

**10%**

Grants for People in Need.

Our findings align with the [Centre for Social Justice's Roadmap for Lifelong Learning](#), which emphasises the importance of knowing where to seek support, how to manage immediate financial challenges, and how to prepare for future emergencies.

Additionally, when exploring how financial education could be better incorporated in the national curriculum, the former House of Commons Education Select Committee Chair said:

“Teaching people how to manage interest on a debt for example, might be more important than some of the academic content that’s currently in GCSEs.” We welcome the Select Committee’s recommendations for the UK Government to review financial education in primary schools in order to ensure that, “as children develop their cognitive abilities and a sense of delayed gratification, they will do so informed by good financial practice”.

Our research supports this suggestion that debt management is an important educational topic not just for children but also for adults.

The need for debt advice is also inline with the needs of people directly seeking financial advice, as recorded by the charities on the frontline. The July 2024 Money Statistics, produced by The Money Charity, stated that Debt was the second largest advice category in June 2024 with 42,198 issues, behind Benefits and Tax Credits issues (70,879). StepChange recently reported a 10% rise in clients seeking debt advice in 2023.

## Preferred Educational Format

The Money and Pensions Service’s UK Strategy for Financial Wellbeing emphasises the importance of delivering financial education in formats that are accessible, engaging, and tailored to the needs of different demographics.

In our survey, respondents’ preferred method of learning was interactive training and tests (20%), and app-based learning (20%) (tied top ranking).

Preference for virtual learning may be because it offers convenience and flexibility; the ability to complete training at the user’s own pace is extremely important to ensure that financial education is not exclusionary.



***I am dyslexic I have been from a young age so it might take me longer than other people.***

*Employed female, aged 45 to 54, financial knowledge rating 5.*

## Educational Incentives

Our research suggests that people recognise the importance of financial education. To maximise the take-up, rewards and/or prize-linked training seems to be of interest.

The majority, over one third, said that the chance to win a top-up on their Fair for You food or shopping card would incentivise them to complete training.

26% said that a larger credit limit on their shopping or food card would incentivise them to complete training.

Not all customers felt this way. One respondent would prefer to keep the focus on the opportunities that education offers, without the offer of incentives:



***I'm not bothered about winning stuff  
it's not all about money***

*Employed female, aged 45 to 54, with a financial knowledge rating of 5 out of 5*

These rewards relate directly to the provision of fair and affordable loans from Fair for You, namely the Food Club which is run in partnership with Iceland Foods and the shopping cards which allow customers to spread the cost of household goods.

## Barriers to Access



***I am pretty savvy at finances. I have a  
demanding 11 year old that spends my money!!  
He thinks it grows on trees***

*Unemployed female, aged 45 to 54, financial knowledge rating 5*

We explored the relationship between financial knowledge and the barriers to access.

A third of respondents (34%) stated that nothing would stop them from completing free training if they were offered it today, while the same number said that work and other time commitments such as childcare and carer responsibilities would stop them. Others noted that the issue was broader than financial education.



## ***I'm a carer for partner [so I do not have] a lot of free time***

*Unemployed female, aged 55 to 64, financial knowledge rating of 5*



## ***Lack of money means it's a moot point***

*Employed male, aged 35 to 44, financial knowledge rating 3*

Although the survey clearly stated that any educational offerings would be free, one respondent raised concerns about this, suggesting that a lack of trust in the education provider may prevent some from seeking and/or attending education.



## ***Not being sure if it was actually free***

*Unemployed female, aged 45 to 54, financial knowledge rating of 4*

## Demographic differences



Men rarely rated their financial knowledge as low. No male participant scored below 3..

However, women averaged higher ratings of 4.1 compared to 3.6 for men.



Age had a significant impact on the educational topics of interest.

Over 45s were more likely to be interested in pensions and debt advice, while under 45s were more likely to be interested in grants for people in need, credit scores, APR and credit rating.



Employment status impacted the preferred format of training.

Employed respondents preferred a 30-minute video or in-person training.

## Recommendations

### Continue to make financial education accessible to all

To ensure equal participation in today's increasingly complex financial landscape, it is crucial that relevant and effective financial education begins early and is fully integrated into the national education system. The House of Commons Education Committee has recognised a broad consensus on the need for this in England, noting that the current financial education curriculum is insufficient and requires expansion. We welcome the Labour government's commitment to improving access to financial literacy education in schools and colleges as part of its broader national financial inclusion strategy.

Effectively addressing financial literacy among low-income families requires a deep understanding of the specific challenges these communities face. Barriers such as limited access to educational providers, time constraints, lack of awareness about available support, and a general mistrust of financial institutions all contribute to the problem.



Significant efforts to improve adult financial education are already underway and should be commended. Banks, fintech companies, and startups are moving beyond a 'one-size-fits-all' approach by offering in-person training through partnerships with local community organisations. These initiatives tailor content to different levels of financial literacy and language proficiency. Additionally, accessible digital platforms are enabling users to receive personalised financial advice, recommendations for reducing expenses or increasing income, and referrals to third-party services for further assistance.

For small charities and startups, finding the budget for marketing can be challenging. However, adequately promoting financial education programmes at the local level is essential to ensure maximum engagement from individuals seeking support.

We would also encourage the publication of more evidence in this sector. Education providers should publicly and clearly share data that demonstrates improvements in individuals' financial literacy and management of personal finances after completing courses or using financial tools and platforms.

### Approach education holistically - financial literacy is only part of the problem



***I can manage my money better now and just buy what I need***

*Single parent aged 45 to 54, living in social housing.*

Financial education should be integrated into a broader strategy that addresses the underlying socio-economic challenges faced by low-income families. Incorporation of financial literacy into the school curriculum and workplace training is likely to address financial needs from multiple angles. By providing education alongside better access to affordable financial products, it is likely that families would improve their financial health and be more likely to keep up with financial commitments such as bills, rent and loan repayments. It is also more likely that such families could avoid high-cost loans.

However, financial literacy alone may not be sufficient to address financial difficulties, given the other factors or solutions at play.

We are aware that having access to more money upfront allows people to budget better. Research on the impact of Fair for You's Iceland Food Club has highlighted that the provision of an interest-free loan for food made it easier to spread the cost of food shopping over the month and made it possible to buy items in bulk, ultimately helping to reduce overall costs.



***As I know what I need to pay,  
it helps with budgeting.***

*Couple aged 45 to 54, in full-time employment and with children, living in social housing.*

## Conclusion

To truly improve financial outcomes for low-income families we must first face the hard truth that the current financial education system falls short. Accessibility is key for those who want it and are therefore likely to benefit from it. But education alone won't break the cycle of poverty.

Too often, we ignore the specific barriers that different communities face. Real change needs more than the offering of free financial education courses, apps and programmes. It requires embedding financial education into a broader, more aggressive push for economic inclusion. A cross-government approach is required to address the imbalanced system of support that is putting more strain on all participants, from communities to charities. Increased and long-term government spending and wider policy initiatives are needed to help people meet their basic and essential needs from food to housing.

It's time for stakeholders to step up with holistic, sustainable solutions. Financial literacy alone will never be enough to fix this. The work ahead is bigger, and bolder action is essential.